Trimac Ltd.

1976 annual report

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DIRECTORS AND OFFICERS

*J.R. McCAIG
President

*W.J. HARDSTAFF
Senior Vice President

*M.W. McCAIG
Vice President

*M. DUBINSKY, Q.C.
Vice President, Corporate Affairs and Secretary

*F.N. HUGHES
Corporate Director, O.P.I. Ltd.

*R.D. SOUTHERN
President, Atco Industries Ltd.

*R.W. McCAIG
President, R.M. Industries Ltd.

D.K. JACKSON
Vice President, Eastern

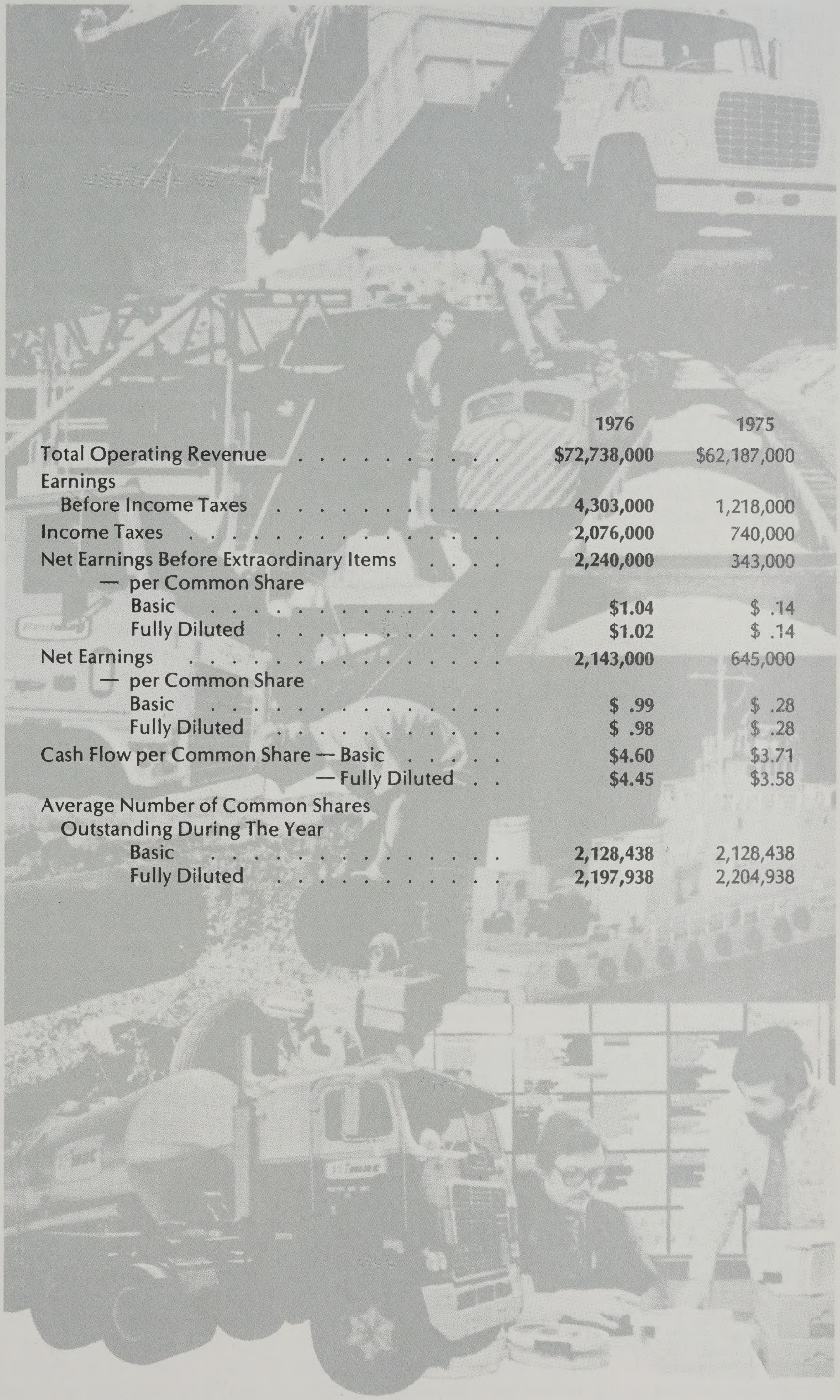
K.W. WINGER
Vice President, Finance and Treasurer

*DIRECTORS

Trimac Corporate Brochures are available upon request by writing to our Executive Offices, P.O. Box 3500, Calgary, Alberta, T2P 2P9.

FINANCIAL HIGHLIGHTS

Year ended March 31, 1976



	1976	1975
Total Operating Revenue	**$72,738,000**	$62,187,000
Earnings		
Before Income Taxes	**4,303,000**	1,218,000
Income Taxes	**2,076,000**	740,000
Net Earnings Before Extraordinary Items	**2,240,000**	343,000
— per Common Share		
Basic	**$1.04**	$ .14
Fully Diluted	**$1.02**	$ .14
Net Earnings	**2,143,000**	645,000
— per Common Share		
Basic	**$ .99**	$ .28
Fully Diluted	**$ .98**	$ .28
Cash Flow per Common Share — Basic	**$4.60**	$3.71
— Fully Diluted	**$4.45**	$3.58
Average Number of Common Shares		
Outstanding During The Year		
Basic	**2,128,438**	2,128,438
Fully Diluted	**2,197,938**	2,204,938

REPORT TO OUR SHAREHOLDERS

We are pleased to report a substantial improvement in the results achieved by your Company in the year just completed.

Trimac Limited's operating revenues and net earnings for the year ended March 31st, 1976, are a record high for the Company. That these results were accomplished, despite the very difficult economic conditions that existed in most regions which the Company services, is a great tribute to the dedication and commitment of our people.

Operating revenues were $72,738,000, an increase of 17% over the $62,187,000 for the prior year. Net earnings from operations were $2,240,000, as compared to the previous year's $343,000. Earnings per share before extraordinary items are $1.04 compared with $0.14 last year. After extraordinary items, earnings per share are $0.99 compared with last year's $0.28.

Improved results were achieved in the major divisions of the Company. Highway Transportation revenues increased by 10.7% over the prior period. More importantly, earnings for this division were significantly better. The division management has concentrated on and achieved improved results in all sectors, including marketing, operations, maintenance and repair, accident prevention and insurance. Noteworthy events affecting the division during the year were the securing of a major long-term cement hauling contract in Ontario, and the granting of a greatly expanded operating licence to the Company's Ontario trucking subsidiary, Municipal Tank Lines Limited.

The Transportation Equipment Leasing Division, Rentway Canada Ltd., was profitable in the last half of the year and for the year as a whole, reversing the substantial losses incurred in the previous year. The fleet and facilities rationalization programme undertaken during the year is now completed. The division is benefiting from an increased demand for its specialized services in its primary markets (Alberta, British Columbia and Ontario) and is resuming a positive but controlled growth. We are confident that the division will make a full and significant earnings contribution in the current year.

The Pipeline Construction Division completed one of its most productive years. This was most encouraging, particularly since project work was very slow at the beginning of the period. The outlook for the current year is for a satisfactory workload.

One of the most outstanding accomplishments of the period was the successful completion of the major contract by Trimac's subsidiary, Cal-Fab Industries Ltd., for the production of support brackets for the aboveground section of the Trans-Alaska Pipeline. Management of the project, under the leadership of President, K.M. Stephenson, has clearly demonstrated an ability to organize personnel, facilities, equipment and materials to successfully start up, operate, quality control, and profitably complete a unique production operation of this type. This experience and capability will be invaluable for future major project opportunities.

Northern development activity requiring marine freighting and construction services was reduced during the past year. This caused Arcnav Marine Limited, our 50% owned subsidiary, to suffer a reduction in revenues. Arcnav continued, however, to make an earnings contribution. This company is capable, experienced and well positioned to participate in the important requirements we are confident will occur with further development of the Mackenzie Delta, Beaufort Sea and subsequent pipeline approvals.

Tricil Limited, jointly owned with Canadian Industries Limited, is active in the collection and disposal of both solid and liquid wastes. Increased revenues were achieved during the past year; however, earnings contributions were reduced due to market factors. The loss of municipal waste contracts in Ottawa and St. Catharines will place a heavier emphasis on commercial waste marketing activities. With new developments such as the Kingston solid waste transfer facility, and cost reduction programmes now in place, more positive results are expected in the current year.

Our international transportation consulting division, Trimac Consulting Services Ltd., increased its workload throughout the world and exceeded budgeted earnings, as did our Data Processing Division, M.B.I. Data Services Ltd. The Transportation Systems Management group had a difficult year as a result of a substantial decline in the offshore sales of Western Canadian produced sulphur. New administrative service arrangements have been put in place with the export shippers and volumes are expected to rise in the current year.

The past year also saw the full withdrawal of the Company from the manufacture and sale of truck and trailer equipment with the sale of S.J. Thompson Truck Equipment Ltd., which transaction was reported earlier.

While the past two years have been difficult, they have added depth to the ability of management to adjust to changing and adverse economic conditions. We are pleased also that dedication to these efforts has not detracted from our goal of positioning Trimac to be uniquely qualified to participate in the transportation and logistics requirements of the major Northern Canadian projects when these occur. That capability continues to grow. Delays in Northern development programmes and approvals, however, have caused us to temporarily

redeploy personnel and minimize costs with the result that a number of other opportunities are being examined.

As this Report was being prepared, we concluded a purchase which provides Trimac an even wider opportunity to service the resource industry, both in Canada and abroad. In May of this year, Trimac acquired 346,925 common shares of Kenting Limited, Calgary, Alberta, bringing our holdings to 380,605 shares or about 48% of the outstanding common stock of that company.

Kenting is a technical group of Canadian service companies engaged in such businesses as drilling, oilfield construction and pipelining, geophysics, aerial photography and helicopter services. The company had revenues in 1975 of $42.4 million.

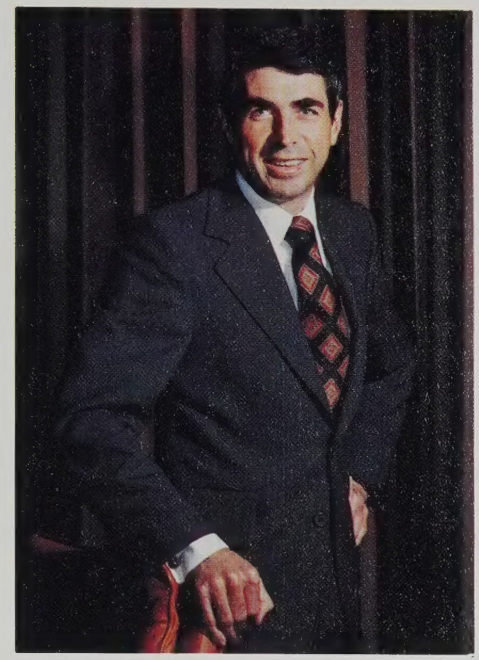
Kenting will give Trimac a greater involvement in the resource industry and will provide additional opportunities for our company. Kenting is especially appealing because of its good performance, strong management team, headed by President Tony Vanden Brink, and the excellent position it holds in the Canadian and international resource service industry.

Kenting will continue as a public company and will operate independently under the direction of its present Board and capable management team.

Achievements such as we have made this year are not easily accomplished. We would, therefore, take this opportunity to express our gratitude to all of our employees for their commendable efforts. We wish also to acknowledge with sincere appreciation the loyalty and support of our customers and suppliers, and the cooperation of government agencies with which we are involved.

On behalf of the Board,
Sincerely,

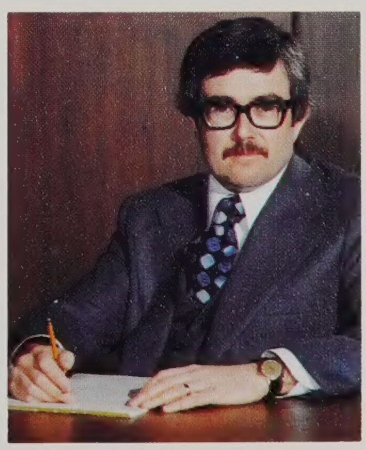
J.R. McCaig
President



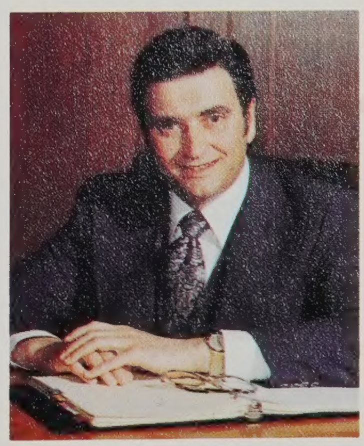
J.R. McCAIG,
President and
Chairman of the Board

M.W. McCAIG,
Vice-President

W.J. HARDSTAFF,
Senior Vice-President



K.W. WINGER,
Vice-President, Finance
and Treasurer



M. DUBINSKY, Q.C.
Vice-President,
Corporate Affairs and Secretary

THE TRIMAC GROUP OF COMPANIES

Left to right: J.E. Sauve, Vice-President and General Manager, Rentway Canada Ltd.; R.G. Reynolds, Manager, Transportation Systems Management; D.K. Jackson, President, Tricil Limited; F.T. Bailey, Corporate Solicitor, Trimac Limited; N.A. McKinnon, General Manager, MBI Data Services Ltd.

From its historical beginning as a family-operated bulk commodity hauling operation in Saskatchewan, Trimac has expanded over the years to become a nationally and internationally recognized company involved in a number of diversified activities. These activities are linked together by the common bond of providing a "total transportation service", incorporating highway transportation, logistics, materials handling and related construction services. While each is independent in its own field, these Trimac operating divisions, or joint ventures, work together to enhance each company's ability to better serve industry and the public. Each division has as its objective the provision of the highest quality of service available in its field.

The Company has carefully expanded its activities over the years to more fully service the broad range of transportation needs in industry today, with an eye to the developments of tomorrow. This is best typified by our recent participation in the Trans-Alaska pipeline project, our involvement in the Mackenzie Delta exploration and development activities and the future construction undertakings planned in the Canadian North. Wherever and whatever the project, the goal is the same — by employing the most modern and efficient transportation systems, the Trimac Group seeks to ensure that Canadian commodities move swiftly, economically and competitively to markets at home and around the world.

Trimac's expansion to its present status in the transportation industry is attributed to a number of factors, but particularly to the people within our organization. Trimac is a young company with a depth of knowledge, experience and dedication among its more than 1,500 people who are engaged in various activities throughout Canada. They fully realize that they are involved in a field where progress and development is vital to the continued growth and prosperity of our country, and continually rise to meet the demands of the industry.

The following sections provide a more complete description of the activities and achievements of each of the Trimac operating divisions and an outline of their expectations for the year ahead.

Left to right (sitting): C.T. Newman, Vice-President, Arcnav Marine Limited; J.D. Minter, General Manager, United Contractors Limited; J.R. Arbuthnott, General Manager, Cal-Fab Industries Ltd.; G.R. Lemon, Operations Manager, United Contractors Limited.

Standing: K.M. Stephenson, President of aforementioned divisions; D.P. Dean, Vice-President and General Manager, Trimac Consulting Services Ltd.

SUMMARY OF OPERATIONS

Trimac Transportation System Limited Officers, left to right: D.R. MacDonald, Vice-President, Marketing; F. Forget, Director of Maintenance; K.N. Wahl, President and Chief Executive Officer; A.L. Pomeroy, Treasurer and Controller; A.J. Coyston, Vice-President and General Manager.

HIGHWAY TRANSPORTATION

Trimac Transportation System is comprised of eleven operating motor carrier companies providing bulk commodity highway transportation service throughout most of Canada, and between Canada and thirty-four States of the United States. The division, operating some 1500 specialized units, is recognized as Canada's largest highway transporter of bulk liquid and dry materials.

The highway transportation division achieved its budgeted revenues. Programmes initiated to improve the division's profitability in the difficult areas of maintenance and repair costs, accidents and claims, are proving successful. Consequently, the division had significantly improved earnings compared to the prior year.

The forecast in the present fiscal year is for continued real growth in our operations and increased volumes as a result of an improving economy in most key operational areas. The present year will be the first full year of service on a major new cement hauling contract obtained in Ontario in August, 1975. Additionally, a major programme for increased market penetration in the Ontario markets is underway as a result of an expanded new operating authority recently granted by the Ontario Highway Transport Board. Since Trimac Transportation System began providing service in that Province nine years ago through its subsidiary, Municipal Tank Lines Limited, the company has essentially been limited to the transportation of liquids intra-provincially. The new authority permits the movement of dry bulk commodities throughout Ontario and opens the way for the company to participate in the large international liquid and dry bulk traffic between Ontario and the United States.

Operations in the western provinces should be solid with improved demand. The Manitoba Department of Highways recently approved regulations to allow 80,000 pound gross weight limits in additional areas of that Province, permitting larger payloads to be transported intra-provincially.

During the year a number of senior management changes were made. Maurice W. McCaig was appointed Vice President of Trimac Limited, being succeeded as President and Chief Executive Officer of Trimac Transportation System Limited by Karl N. Wahl. Arthur J. Coyston was appointed Vice President and General Manager of this division; D. Robert MacDonald was appointed Vice President, Marketing, and Fern Forget as Director of Maintenance.

With the continuing good effort and co-operation displayed by all of our employees over the past year, we are confident that Trimac Transportation System will attain all of its defined objectives in the current year.

TRANSPORTATION EQUIPMENT LEASING

The transportation equipment leasing division of Trimac, Rentway Canada Ltd., is engaged in vehicle leasing and rental programmes to both private and government sectors. The company is geared to serve both major national firms and local or regional businesses.

Rentway's primary sources of revenue include full maintenance leases and net leases on diesel and gasoline powered trucks. In addition, this division provides a daily rental truck fleet and is a specialist in short term project rentals to major resource and construction companies throughout Canada. Company-operated branch offices and repair facilities are maintained in Vancouver, Edmonton, Calgary, Toronto and Windsor with several agencies in the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba.

During the fiscal year 1976 Rentway achieved a considerable turn around, returning to a profitable earnings position. This was due to a concentration of efforts throughout this period on instituting controls, rationalizing marketing activities and fleet size, and reducing operating expenses.

Rentway enjoys volume purchasing at the best available prices, solid financing with rate fluctuation protection, and a well established customer base. These factors, combined with an improving economy, cause Rentway to be well positioned to produce satisfactory earnings in the current year.

MARINE TRANSPORTATION AND CONSTRUCTION

Arctic Navigation and Transportation Ltd. is a joint venture company operated by Trimac Limited and Rivtow Straits Limited. It was created in 1973 to meet the challenges of shipping and construction in the Beaufort Sea and Mackenzie Delta regions of the Canadian Arctic. The company, commonly referred to in the industry as ARCNAV, has recently changed its name to Arcnav Marine Limited.

Due to governmental regulatory delays, Arctic exploration activity dropped somewhat during the 1975 season and, as a result, freight volumes this year are lower than last year. One of Arcnav's tugs, the "Edwin Lindberg", was chartered this year to Canadian Marine Drilling Ltd., a subsidiary of Dome Petroleum Ltd., to assist in gas and oil exploration projects in the Beaufort Sea. Substantial marine and construction equipment continues to be under contract to Sun Oil Company Limited.

A contract for the supply of marine construction equipment has been secured for the 1976 season with Imperial Oil Limited. Arcnav has recently completed the construction of a marine facility at Tuktoyaktuk to serve offshore drilling projects.

The level of activity in the Mackenzie Delta area in the 1976 season is expected to be similar to that of 1975. We, therefore, anticipate our revenues for the next fiscal year to compare with this year's figures.

PIPELINE CONSTRUCTION

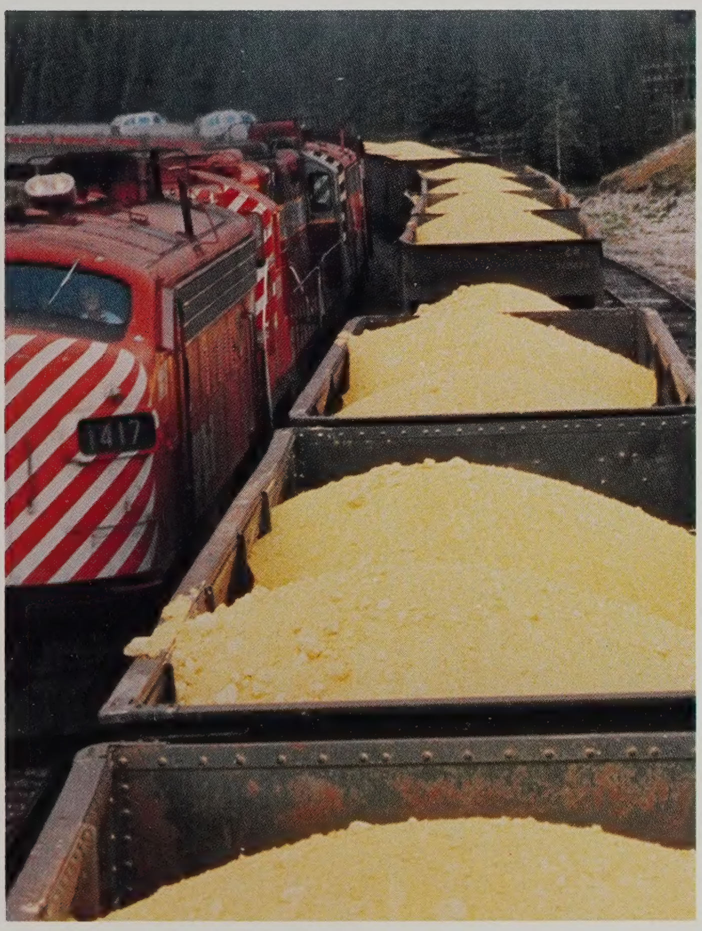
United Contractors Ltd. is a wholly-owned subsidiary of Trimac Limited, which has built a solid reputation in the pipeline construction industry. This company is recognized particularly for the unique skills it has developed in the construction of pipeline river crossings and the innovative techniques created to meet the changing requirements within the industry.

During the summer months of 1975 there was a decrease in demand for the medium-inch pipeline construction in which United Contractors specializes. However, from September of last year through to this fiscal year end, the company has carried a full work load, producing planned and favourable revenues for the year under review.

In addition to operating in its traditional market, the oil and gas industry, United Contractors this year branched into the water supply field. A contract was awarded to this division last fall to construct a major pipeline to supply water from the Bow River to the Town of Airdrie, Alberta. This project has been completed. Future water pipeline projects are anticipated in the year ahead.

The demand for pipeline construction looks promising in the current year, which causes us to look forward to a resumption of increased activity for United Contractors Ltd.

TRANSPORTATION SYSTEMS MANAGEMENT



Trimac Systems Management's principal activity is the supervision and administration of the land transportation of sulphur by rail from five Alberta gas plants to the Port of Vancouver for off-shore export. The division is presently in its seventh year of providing this management service for Alberta sulphur companies, and continues to use the unit train concept of movement, operating on both major Canadian railway systems.

During 1975 there was a significant reversal of the historical growth pattern in Canadian export sulphur sales, caused by unstable international economic conditions. This led to a decrease in the demand for sulphur in world markets. It is anticipated, however, that sulphur sales will escalate in 1976 to a level near previous volumes.

The Transportation Systems Management division this year negotiated and entered into new contract agreements with the Alberta sulphur shippers.

In the year ahead this group, in conjunction with our data processing division, will remodel the data processing and reporting systems. This improved system will assist in meeting the changing requirements of our customers. It will also assist in our participation in, and servicing of, transportation and logistic needs that exist and will arise from the resource and industrial development taking place in Canada in the future.

WASTE MANAGEMENT

Tricil Limited was formed in 1973 as a result of the merging of the waste management interests of Canadian Industries Limited and Trimac Limited. Trimac's subsidiary, Dominion Waste Management Limited, had been involved in solid waste operations, while CIL's subsidiary, Goodfellow Enterprises (Sarnia) Limited, had operated extensively in the industrial liquid waste industry.

Tricil, now recognized as a leader in the industry, continues to expand its operating and technical base. During 1975, Tricil acquired LaSalle Oil Carriers Inc. of Montreal, Quebec, a company involved in the transportation of liquid industrial waste throughout Quebec. Negotiations in 1975 with the City of Kingston resulted in a 15-year contract for a solid waste transfer facility to be owned and operated by Tricil. In conjunction with this facility, CIL's Environmental Improvement Business Area is constructing a pilot plant to do research into the recovery of a low BTU gas from solid waste material. When completed, the gas produced should be acceptable as a fuel or for use as a chemical feedstock.

Tricil is also involved with CIL's Central Research Laboratory in McMasterville, Quebec in the development of a pilot plant for the re-refining of waste lubricating oil for ultimate sale as an alternate for virgin lube stock.

These operations represent a part of Tricil's commitment to creating a better environment and improving energy resources by recovering and re-using values from waste materials.

DATA PROCESSING

M.B.I. Data Services Ltd. provides essential support services for the Trimac Companies, as well as to client companies, supplying them with a complete range of data processing services which include data preparation, systems analysis, programming and computer services.

During the year, several significant changes were instituted in this division. The traditional keypunch machines were replaced by two Mohawk Data Entry Systems, eliminating punched cards, and providing a faster flow of data through the IBM System 370 Model 125 computer. The computer itself now has the facility to process more than one job at any given time, which also results in quicker turn-around time and faster production.

Plans for change continue this year, with the goal of providing a totally comprehensive service. A new development is a Truck Transportation Analysis Program which will be used to analyze trucking operations, and will be particularly beneficial to our consulting division in its transportation logistics study projects. Other plans for 1976 include a pilot-online program which allows the user to directly update his computer files, enabling ready access to stored information. As well, the planned introduction of micro-film reports will reduce the volume of paper now produced and allow faster access to information in reports.

TRANSPORTATION CONSULTING

Trimac Consulting Services Ltd. provides technical and management expertise in transportation operations, physical distribution, transportation planning and economics, and logistics. This division has completed another successful year, establishing record revenues and profits, attributed to the increasing recognition of this group's skills in the consulting field by industry and government — both domestically and internationally.

In 1975, the largest contribution to the overall growth of the consulting division came from the international sector. A major assignment was completed in Tanzania for the World Bank. Other foreign projects commenced during the year include a locomotive maintenance program and operations control centre for the Bangladesh Railway, as well as the design of a National Trucking Organization for the Kingdom of Swaziland in Africa. Substantial work was done in logistics planning for resource development groups planning major construction undertakings in the Canadian North.

The work in Bangladesh will carry through this year and is expected to expand as programmes are developed. A contract to supply a technical team to undertake a railway assessment study in Sri Lanka (formerly Ceylon) has been successfully negotiated with the Canadian International Development Agency. This project commenced in May of this year and will continue for a period of four months.

The outlook for Trimac Consulting Services Ltd. is excellent and we expect to surpass this past year's performance.

MANUFACTURING

Just over one year ago, Cal-Fab Industries Ltd. commenced full scale production of the manufacture of support brackets for the Alyeska pipeline project. Prior to the awarding of the multi-million-dollar contract by the Alyeska Pipeline Service Co. in November, 1974, Cal-Fab was a name only and the newest member of the Trimac Group of Companies.

From the date of notification that Cal-Fab would be used to manufacture the 71,000 support brackets for the pipeline, it took but a few months to purchase and assemble all equipment, hire and train more than 100 employees, and plan and modify the production line. Once into full operation, the original contract was extended to 83,000 brackets and, despite the increase, the contract was completed two months ahead of schedule.

Cal-Fab was formed to handle this contract on a project basis only; not on the premise of becoming an on-going manufacturing operation. As such, once the contract was completed early this year, the assembly line was dismantled and the majority of equipment disposed of, with some being retained for possible future use. Key personnel involved in the venture have been dispersed throughout various Trimac divisions.

From this experience the people of Trimac and Cal-Fab have gained a wealth of knowledge in the development of manufacturing production line operations.

CONSOLIDATED BALANCE SHEET
March 31, 1976

ASSETS

	1976	1975
CURRENT ASSETS:		
Cash and short term deposits	$ 3,915,000	$ 1,383,000
Accounts receivable (Note 5)	8,340,000	8,130,000
Income taxes — current deferred and recoverable	291,000	208,000
Inventories of supplies and material at lower of cost or net realizable value	676,000	1,567,000
Prepaid expenses —		
Tires (Note 1)	1,393,000	1,238,000
Licences and other	967,000	1,125,000
TOTAL CURRENT ASSETS	15,582,000	13,651,000
INVESTMENTS, SECURITIES AND ADVANCES:		
Investment in and advances to 50% owned companies (Note 2)	3,310,000	3,306,000
Balances receivable under Employees' share purchase plans (Note 8)	1,144,000	1,265,000
Other	601,000	244,000
	5,055,000	4,815,000
FIXED ASSETS, at cost (Note 4)	49,735,000	51,881,000
Less: Accumulated depreciation	21,231,000	19,879,000
	28,504,000	32,002,000
DEFERRED CHARGES	236,000	308,000
GOODWILL AND AUTHORITIES, at cost (Note 1)	2,989,000	2,997,000
	$52,366,000	$53,773,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	1976	1975
CURRENT LIABILITIES:		
Bank advances secured (Note 5)	**$ 1,616,000**	$ 3,231,000
Accounts payable and accrued	**6,490,000**	5,248,000
Product warranty provision (Note 11)	**500,000**	—
Income taxes payable	**1,729,000**	134,000
Current maturities of long term debt (Notes 6 and 7)	**1,105,000**	2,002,000
TOTAL CURRENT LIABILITIES	**11,440,000**	10,615,000
LONG TERM DEBT:		
Equipment obligations (Note 6)	**20,113,000**	24,337,000
Other (Note 7)	**1,812,000**	1,856,000
	21,925,000	26,193,000
DEFERRED INCOME TAXES	**3,512,000**	3,261,000
SHAREHOLDERS' EQUITY:		
Share capital (Note 8)	**6,142,000**	6,257,000
Retained earnings (Note 9)	**9,347,000**	7,447,000
	15,489,000	13,704,000
	$52,366,000	$53,773,000

APPROVED BY THE BOARD:

J.R. McCaig
J.R. McCaig,
Director

W.J. Hardstaff
W.J. Hardstaff,
Director

CONSOLIDATED STATEMENT OF EARNINGS

For the Year Ended March 31, 1976

	1976 (Note 3)	1975
OPERATING REVENUES:		
Transportation	$43,372,000	$39,189,000
Equipment lease and rental	8,877,000	11,229,000
Waste management, pipeline construction, manufacturing and other	20,489,000	11,769,000
	72,738,000	62,187,000
COSTS AND EXPENSES:		
Operating costs and expenses	57,073,000	48,913,000
Depreciation and amortization	8,506,000	8,558,000
	65,579,000	57,471,000
	7,159,000	4,716,000
OTHER DEDUCTIONS (INCOME):		
Interest expense — long term debt	3,077,000	3,804,000
Other interest expense (net of interest income)	(41,000)	104,000
(Gain) on disposals of revenue producing equipment	(180,000)	(410,000)
	2,856,000	3,498,000
	4,303,000	1,218,000
INCOME TAXES:		
Current	2,019,000	308,000
Deferred	57,000	432,000
	2,076,000	740,000
Earnings from continuing operations before extraordinary items and earnings (losses) from subsidiaries disposed of	2,227,000	478,000
Earnings (losses) from subsidiaries disposed of (Note 3)	13,000	(135,000)
Net earnings before extraordinary items	2,240,000	343,000
Extraordinary gains (losses) (Note 3)	(97,000)	302,000
NET EARNINGS	$ 2,143,000	$ 645,000
Net earnings per share before extraordinary items — Basic	$1.04	$.14
— Fully Diluted	$1.02	$.14
Net earnings per share — Basic	$ .99	$.28
— Fully Diluted	$ .98	$.28

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 1976

	1976	1975
SOURCE OF FUNDS		
From operations (a)	$ 9,780,000	$ 7,490,000
Increase in long term debt	5,114,000	10,326,000
Proceeds on disposal of fixed assets	9,224,000	8,486,000
Proceeds on sale of shares of subsidiaries and collection of relevant inter-company accounts	147,000	1,314,000
Less: Working capital removed on sale of shares of subsidiaries	(58,000)	(563,000)
	24,207,000	27,053,000
APPLICATION OF FUNDS:		
Purchase of fixed assets	13,088,000	15,061,000
Repayment of long term debt	9,382,000	11,707,000
Dividends	243,000	252,000
Other changes (net)	388,000	82,000
	23,101,000	27,102,000
Net increase (decrease) in working capital	1,106,000	(49,000)
Working capital, beginning of the year	3,036,000	3,085,000
Working capital, end of the year	$ 4,142,000	$ 3,036,000

(a) Funds from operations is computed by summing net earnings, (excluding extraordinary items, $97,000 in 1976) for the year, depreciation written and the change in deferred income taxes, excluding those relevant items of 50% owned companies ($1,105,000 in 1976 and $1,381,000 in 1975) less gains on disposals of revenue producing equipment.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the Year Ended March 31, 1976

	1976	1975
Balance, beginning of the year	$ 7,447,000	$ 7,054,000
Net earnings for the year	2,143,000	645,000
Dividends	(243,000)	(252,000)
	1,900,000	393,000
Balance, end of the year	$ 9,347,000	$ 7,447,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Accounting Policies:

(a) These consolidated financial statements include the accounts of all subsidiary companies from their effective dates of acquisition.

(b) Goodwill and authorities acquired subsequent to March 31, 1974 are being amortized on a straight line basis over periods up to forty years. $2,934,000 of goodwill and authorities was acquired prior to that date.

(c) The Company follows the equity method of accounting for its investment in 50% owned companies. Under this method, the cost of the Company's investment, including goodwill at acquisition, is adjusted for its undistributed earnings or losses and capital transactions. The Company's share of revenue and expenses are included in the statement of earnings on a "line by line" basis.

(d) The cost of original tires and tubes and the replacement cost of tires and tubes used on vehicles hauling bulk commodities are charged to prepaid expenses and are written off to income on a mileage basis.

Note 2 — Investment in and advances to 50% owned companies:

(a) The condensed combined consolidated balance sheet of Tricil Limited, (formerly Tricil Waste Management Limited) and Arcnav Marine Limited, (formerly Arctic Navigation and Transportation Ltd.) in which the Company has a 50% interest is as folows:

	March 31 1976	March 31 1975
	(thousands of dollars)	(unaudited)
Working capital	$ (78)	$ (96)
Fixed assets — net book value	10,997	10,090
Other tangible assets	29	11
Intangible assets	694	671
Total Assets	$ 11,642	$10,676
Long term debt	$ 6,488	$ 5,597
Deferred income taxes	628	576
Minority interest	—	7
Shareholders' advances	2,358	2,358
Shareholders' equity	2,168	2,138
Total Liabilities and Equity	$ 11,642	$ 10,676

(b) The difference between the Company's cost of the investments and the underlying net book values at the date of acquisition has changed from $977,000 previously reported to $1,430,000 by virtue of a retroactive change in accounting practice in the consolidated financial statements of Tricil to the pooling of interests method. The additional amount is considered to relate to fixed assets and is being amortized over their estimated remaining useful life.

Note 3 — Losses of subsidiaries disposed of:

Operating revenues of $309,000 for the year ended March 31, 1976 ($5,379,000 in 1975) together with the related costs have been reclassified to disclose the net earnings (losses) of subsidiaries disposed of during the year. The earnings (losses) from subsidiaries disposed of are net of income taxes of $10,000 (deferred income taxes recoverable of $55,000 for 1975). The extraordinary loss on the disposal of shares was $64,000.

Note 4 — Fixed assets and depreciation policy:

The cost of fixed assets and net book value by major classification are as follows:

	March 31, 1976 Cost	March 31, 1976 Net Book Value	March 31, 1975 Cost	March 31, 1975 Net Book Value
	(thousands of dollars)			
Land	$ 728	$ 728	$ 699	$ 699
Buildings and yard improvements	2,646	1,995	2,304	1,728
Revenue producing vehicles and equipment				
— Bulk hauling highway units	24,648	12,171	24,286	12,363
— Lease and rental units	15,594	10,143	18,420	13,201
— Arctic marine barges	1,833	1,560	1,834	1,697
Other equipment	4,286	1,907	4,338	2,314
	$49,735	$28,504	$51,881	$32,002

The Company and its subsidiaries depreciate the costs of property, plant and equipment to their estimated residual values based on the following estimated useful lives of the assets:

	Estimated Useful Life
Power Units	5 years
Highway Trailers	8 years
Rental Vehicles	3 years
Lease Vehicles	Varied to match term of lease
Arctic Marine Barges	15 years
Buildings	25 years
Other Equipment and Fixtures	5-10 years

Note 5 — Bank advances, secured:

Demand bank loans in the amount of $1,616,000 at March 31, 1976 and $3,231,000 at March 31, 1975 are secured by general assignment of book debts.

Note 6 — Equipment obligations:

	March 31, 1976 Long term	March 31, 1976 Current	March 31, 1975 Long term	March 31, 1975 Current
	(thousands of dollars)			
Revolving credit agreements — interest rates from ½% to 1½% over prime (a), (c)	$19,422	$ —	$23,448	$668
Bank term loan — interest rate 1½% over prime (b)	691	198	889	197
Total equipment obligations	$20,113	$198	$24,337	$865

(a) The various revolving credit loan agreements to various subsidiaries provide for credit lines equal to the lesser of a total of $34,300,000 at March 31, 1976 or an amount determined by agreed formula in each agreement (which amounts totalled $20,590,000 at March 31, 1976). The loans are secured by charges against relevant vehicular equipment arising from either a floating charge debenture or chattel mortgages. Even though the Company expects all of the revolving credits to continue at least until April, 1977, all but one of the loans may be terminated by defined notice. If such termination occurs, each of the agreements provides for the loans to be repaid in monthly instalments on a term basis consistent with the declining borrowing basis which would result in terms ranging from five years to a maximum of eight years.

(b) The bank term loan is repayable in equal semi-annual principal instalments to June 1, 1980.

(c) If no additional amounts were borrowed, the amounts estimated to be repaid in the years ending March 31, are: 1977 — $5,527,000; 1978 — $5,052,000; 1979 — $4,205,000; 1980 — $2,920,000; 1981 — $1,353,-000.

Note 7 — Other long term debt:

		March 31 1976	1975
		(thousands of dollars)	
Bank term loans	(a)	$1,334	$1,411
Mortgage loans	(b)	877	998
Notes and agreements payable	(c)	508	584
		2,719	2,993
Less: Current maturities		907	1,137
Total other long term debt less current maturities		$1,812	$1,856

(a) Bank term loans are repayable over periods of from two years to five years, and are, in general, secured. The interest rates vary from 1¼% to 1½% over prime.

(b) Mortgage loans are repayable over periods from 1976 to 1992, and are secured by charges against real estate. The interest rates vary from 8% to 11¾%.

(c) Notes and agreements payable mature at various dates to 1986 and are, in general, unsecured. The interest rates vary from 6% to 12%.

(d) The amounts to be repaid during the years ending March 31, are: 1977 — $907,000; 1978 — $404,000; 1979 — $294,000; 1980 — $190,000; 1981 — $263,000.

Note 8 — Share capital:

	Authorized Number	Authorized Amount	Issued Number	Issued Amount
Preferred (a)				
— Undesignated	178,500	$ 1,785,000	—	$ —
— Designated	(i) 71,500	715,000	(ii) 65,000	650,000
	250,000	2,500,000	65,000	650,000
Common (b)	7,500,000	10,000,000	2,128,438	5,492,000
		$12,500,000		$6,142,000

(a) Preferred shares are issuable in series on terms and conditions authorized by the directors. The aggregate par value of such issued shares is not to exceed $2,500,-000. (i) Of the total of 250,000 preferred shares authorized, 71,500 have been designated as non-voting 4% noncumulative Series "A" redeemable convertible preferred shares (each preferred share is convertible to one common share in equal amounts cumulatively over five years from the date of issue) with a nominal or par value of $10.00 per share. (ii) During the year 11,500 shares were redeemed at par value and the proceeds used by the employees to retire $115,000 of "Balances Receivable Under Employees' Share Purchase Plans".

(b) Common shares are without nominal or par value. At March 31, 1976, 65,000 common shares were reserved for the conversion of Series "A" preferred shares to common shares.

Note 9 — Retained earnings:

(a) Under the provisions of the governing statutes $1,311,000 (the amount equal to the par value of preference shares of the Company and its subsidiaries redeemed) is restricted from distribution to shareholders.

(b) As a result of the acquisition by the Company of Trimac Transportation Limited, a portion of the consolidated retained earnings is classified as "designated surplus" under the provision of Section 192(1) of the Canadian Income Tax Act. Normally, dividends cannot be paid out of the designated surplus of the subsidiaries without the payment of income taxes, but insofar as the Company is concerned, this raises no practical difficulties in the foreseeable future because dividends may be paid by the subsidiaries of the Company, free of tax, out of the earnings of subsidiaries subsequent to such acquisition.

(c) Under the terms of a revolving credit bank loan referred to in Note 6, Trimac Transportation Limited must maintain a consolidated net worth of $5,500,000.

Note 10 — Leases on real property:

The Company and various of its subsidiaries have entered into lease agreements for premises at annual rentals approximating $362,000 as at March 31, 1976 and for various terms expiring up to 1980.

Note 11 — Product warranty provision:

During the year Cal-Fab Industries Ltd., a wholly-owned subsidiary, completed its contract to produce support brackets for the above-ground section of the Trans-Alaska Pipeline. The plant facility has been dismantled and much of the production equipment sold. Under the contract, a maximum product warranty liability can exist for a period of eighteen months after shipment. Because the pipeline is not yet substantially completed, and the Company has no experience factor available on which to calculate a warranty provision, the maximum amount has been charged to income.

Note 12 — Commitments:

(a) In June, 1970, Trimac entered into an Initial Agreement with the National Harbours Board of Canada for reclamation and lease of a site at Roberts Bank, near Vancouver, B.C. for the construction by the Company of terminal facilities for the storing and shipping of bulk commodities, exclusive of grain. The commitment of Trimac to lease the site is predicated upon performance by the Harbours Board of certain conditions, including commencement of reclamation by a specified date in respect of which performance by the Harbours Board has been waived. The Company does not wish to exercise any right of termination that it may have under the Initial Agreement. The term of the proposed lease will be ten years certain, commencing on the earlier of first shipment from the site or nine months after the site is ready for occupancy. Rental under the lease will be determined only when Harbours Board construction has been completed and the Lessee's facilities erected, estimated to require from sixteen up to twenty-five months after commencement of work by the Harbours Board. Such annual rental will be dependent, in part, upon through-put of ships' cargo to and from the site with an estimated minimum of $280,000. To March 31, 1976, the Company has deferred costs of $211,000 with respect to this Initial Agreement.

(b) Pursuant to an agreement dated March 2, 1973, the Company has guaranteed the obligation of Arcnav Marine Limited (50% of the shares of which are owned by the Company) to purchase the remaining one-half of the shares of Lindberg Transport Ltd. to a maximum amount of $125,000.

Note 13 — Remuneration of directors and senior officers:

The aggregate direct remuneration paid or payable by Trimac and its subsidiaries to the directors and senior officers (as defined in the Alberta Companies Act) of Trimac during the twelve months ended March 31, 1976 was $342,000.

Note 14 — British Columbia Companies Act:

These financial statements comply with the disclosure requirements of the act of incorporation (The Alberta Companies Act) and the securities legislation of certain provinces in Canada, but do not comply with certain requirements unique to the British Columbia Companies Act.

Note 15 — Anti-inflation program:

The Company and its operating subsidiaries are subject to controls on prices, profits, compensation and dividends instituted by the Federal Government in the Anti-Inflation Act effective October 14, 1975. At this time there are a number of general uncertainties concerning implementation of the program so that the impact on the Company's future operations cannot be accurately determined. The Company has tried to comply with the guidelines since this announcement and has no reason to believe it will be adversely affected. To comply with the controls, dividends during the Company's year ended March 31, 1977 will be restricted to the same rate per share ($0.10) as in 1976, in the absence of prior approval by the Anti-Inflation Board.

Note 16 — Contingent liabilities:

(a) The Company is contingently liable in the amount of $386,000 as a result of certain income tax reassessments received by Tricil Limited (see Note 2), relating to periods, prior to the Company's purchase thereof. Security in the amount of $171,000 valued at March 31, 1976 has been lodged by the former owners with the Department of National Revenue relative thereto. Because of the former owners' and co-warrantors' obligations under their agreement with the Company, no provision has been made in the accounts for these reassessments.

(b) The Company guarantees to the extent of $1,700,000 with respect to loans made to Arcnav Marine Limited by a Canadian Chartered Bank (see Note 2).

(c) The Department of National Revenue has indicated that it proposes to issue reassessments disallowing the deduction for income tax purposes of concession costs claimed by Tricil Limited, a 50% owned company, for the years 1971 - 1974 inclusive. Tricil intends to deduct similar additional amounts in 1975. The maximum additional income tax liability (including $63,500 in respect of the 1975 fiscal year) arising from the proposed reassessments would approximate $285,000. No provision has been made in the accounts for such additional income taxes as may arise from the proposed reassessments, as management believes that these costs are wholly deductible and intends to oppose any such reassessments.

(d) Subsequent to the year end, the Company, along with Tricil Limited, a 50% owned company, and others were served with a writ for alleged statements in connection with the bidding of a municipal waste collection contract. Damages of $3,575,000, plus costs, are claimed against Tricil, which includes the amounts being claimed against the Company. In the opinion of the Company and its counsel, the claim should not result in any material cost to the Company.

Note 17 — Subsequent event:

On May 14, 1976 the Company purchased 346,925 common shares of Kenting Limited, a Calgary based public company. Kenting is a technical group of Canadian service companies engaged in drilling, oilfield construction and pipelining, geophysics, aerial photography and helicopter services. This purchase brought the total shares held to 380,605 or 48% of the outstanding common shares of Kenting. The total cost of the investment is $7,374,000, including an estimated $40,000 for legal and other advisory services. To finance the purchase, the Company borrowed a total of $6,938,500 from two Canadian banking institutions.

The loans bear interest at Canadian bank prime plus 1¾% on approximately one-half the amount and plus 2% on the other half and are repayable in twenty semi-annual instalments, commencing in November, 1978. The loans are secured by hypothecation of the purchased shares.

The following condensed financial statements of Kenting Limited are based on audited statements as at December 31, 1975:

Balance Sheet	December 31, 1975 (thousands of dollars)
Assets:	
Current	$14,627
Fixed (net)	13,562
Other tangible	1,204
Goodwill	291
Total assets	$29,684
Liabilities and Shareholders' Equity:	
Current liabilities	$10,522
Long term debt	6,598
Deferred income taxes	2,814
Other deferred items	1,093
Minority interest	105
Total liabilities	21,132
Shareholders' equity	8,552
Total liabilities and shareholders' equity	$29,684
Statement of Income	
Revenue	$42,399
Expenses:	
Operating costs	34,716
Interest	804
Depreciation (net of disposal gains)	1,532
Income taxes	2,573
	39,625
	2,774
Minority interest	84
Net income for the year	$ 2,690

The Company's investment noted above exceeds its portion of the underlying net book value of Kenting by an estimated $3,200,000. Whether the Company ultimately accounts for the purchase on the equity method or the consolidation method, such excess will be first attributed to the underlying value of tangible assets and will be charged against earnings over the remaining estimated useful lives of those assets. Any remaining excess will be attributed to intangible goodwill and will be amortized in accordance with Note 1(b). These attributions have not yet been established due to the recent date of the purchase.

AUDITORS' REPORT

To the Shareholders of Trimac Limited

We have examined the consolidated balance sheet of Trimac Limited and its subsidiaries as at March 31, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Trimac Limited and those subsidiaries and the 50% owned company of which we are auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of other auditors who have examined the consolidated financial statements of a subsidiary and a 50% owned company.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
May 14, 1976

PRICE WATERHOUSE & CO.
Chartered Accountants

ADDITIONAL FINANCIAL INFORMATION

Schedule of Divisional Assets and Liabilities

At March 31, 1976

(Thousands of Dollars)

ASSETS	Bulk Commodity Highway Transportation	Equipment Leasing	Manufacturing	Pipeline Construction	Arctic Marine Transportation	Realty Holdings	Trimac Limited	Total
CURRENT ASSETS:								
Cash and short term deposits	$ 48	$ 4	$ 94	$ 1	$ —	$ 252	$ 3,516	$ 3,915
Accounts receivable	4,855	1,350	229	1,084	—	340	482	8,340
Inventories	544	131	1	—	—	—	—	676
Prepaid expenses	2,091	228	6	17	4	11	3	2,360
Income taxes deferred and recoverable	—	—	205	86	—	—	—	291
	7,538	1,713	535	1,188	4	603	4,001	15,582
INVESTMENTS, SECURITIES AND ADVANCES:								
Investment in and advances to 50% owned companies	—	—	—	—	—	—	3,310	3,310
Balance receivable under employees' share purchase plans	17	—	—	—	—	—	1,127	1,144
Other	7	1	250	—	—	128	215	601
	24	1	250	—	—	128	4,652	5,055
FIXED ASSETS, AT COST:								
Revenue vehicles	24,648	15,593	—	—	—	—	—	40,241
Other	1,977	456	—	1,721	1,833	3,122	385	9,494
Accumulated depreciation	(13,798)	(5,661)	—	(804)	(273)	(645)	(50)	(21,231)
	12,827	10,388	—	917	1,560	2,477	335	28,504
DEFERRED CHARGES	—	—	—	—	—	10	226	236
GOODWILL AND AUTHORITIES	1,728	—	—	223	—	—	1,038	2,989
TOTAL ASSETS	$22,117	$12,102	$ 785	$2,328	$1,564	$3,218	$10,252	$52,366
LIABILITIES								
CURRENT LIABILITIES:								
Bank advances, secured	$ 490	$ 420	$ —	$ 706	$ —	$ —	$ —	$ 1,616
Accounts payable and accrued	3,614	1,259	1,032	464	255	23	343	6,990
Income taxes payable	110	—	1,593	—	—	26	—	1,729
Current maturities of long term debt	100	—	—	80	198	587	140	1,105
TOTAL CURRENT LIABILITIES	4,314	1,679	2,625	1,250	453	636	483	11,440
EQUIPMENT OBLIGATIONS	9,177	10,245	—	—	691	—	—	20,113
OTHER LONG TERM DEBT	328	—	—	—	—	1,289	195	1,812
DEFERRED INCOME TAXES	2,127	251	(108)	431	863	16	(68)	3,512
TOTAL LIABILITIES	$15,946	$12,175	$2,517	$1,681	$2,007	$1,941	$ 610	$36,877

Note: Interdivisional advances have been eliminated.

FIVE YEAR FINANCIAL REVIEW

	(Thousands of Dollars) March 31				
RESULTS FOR THE YEAR ENDED	**1976**	**1975** (1)	**1974** (1)	**1973**	**1972**
Revenue	**$72,738**	$62,187	$52,741	$42,818	$32,925
Earnings before taxes	**4,303**	1,218	2,481	2,880	2,357
Provision for income taxes	**2,076**	740	1,238	1,388	1,132
Net earnings for the year before extraordinary items	**2,240**	343	979	1,492	1,275
Per common share — Basic	**$ 1.04**	$ 0.14	$ 0.46	$ 0.73	$ 0.74
— Fully Diluted	**$ 1.02**	$ 0.14	$ 0.45	$ 0.73	$ 0.74
Net earnings for the year	**2,143**	645	979	1,492	1,275
Per common share — Basic	**$ 0.99**	$ 0.28	$ 0.46	$ 0.73	$ 0.74
— Fully Diluted	**$ 0.98**	$ 0.28	$ 0.45	$ 0.73	$ 0.74
Depreciation and amortization	**8,506**	8,558	6,760	4,086	3,039
Cash flow from operations (2)	**9,780**	7,902	8,092	6,198	4,389
Per common share — Basic	**$ 4.60**	$ 3.71	$ 3.80	$ 3.04	$ 2.56
— Fully Diluted	**$ 4.45**	$ 3.58	$ 3.69	$ 3.04	$ 2.56
Interest	**3,345**	4,094	2,247	1,032	894
Average number of common shares outstanding — Basic	**2,128,438**	2,128,438	2,128,438	2,038,415	1,716,445
— Fully Diluted	**2,197,938**	2,204,938	2,192,771	2,038,415	1,716,445
YEAR END POSITION					
Working capital (excluding current maturities)	**4,142**	5,038	3,749	3,572	4,558
Fixed assets at cost	**49,735**	51,881	50,119	39,485	26,089
Total assets	**52,366**	53,773	55,178	42,196	27,099
Long term debt (including current maturities)	**23,030**	28,195	28,238	20,706	12,133
Shareholders' equity	**15,489**	13,704	13,511	11,780	8,937

(1) Restated to disclose the net earnings (losses) from subsidiaries disposed of during the year.
(2) Cash flow from operations is computed by summing net earnings (excluding extraordinary items) for the year, depreciation written and the change in deferred income taxes, excluding those relevant items of 50% owned companies.

CORPORATE INFORMATION

HEAD OFFICE

736 - 8th Avenue S.W.
Calgary, Alberta
T2P 1T4
Telephone: (403) 265-9900

SENIOR DIVISION MANAGEMENT

HIGHWAY TRANSPORTATION
K.N. Wahl — President and Chief Executive Officer
A.J. Coyston — Vice President and General Manager
D.R. MacDonald — Vice President, Sales and Services

TRANSPORTATION LEASING AND RENTAL
W.J. Hardstaff — President
J.E. Sauve — Vice President and General Manager

MANUFACTURING
K.M. Stephenson — President
J.R. Arbuthnott — General Manager

PIPELINE CONSTRUCTION
K.M. Stephenson — President
J.D. Minter — General Manager

TRANSPORTATION CONSULTING
W.J. Hardstaff — President
D.P. Dean — Vice President and General Manager

DATA PROCESSING
N.A. McKinnon — General Manager

TRANSPORTATION SYSTEMS MANAGEMENT
R.G. Reynolds — General Manager

JOINT VENTURE COMPANIES

WASTE MANAGEMENT
D.K. Jackson — President

MARINE TRANSPORTATION AND CONSTRUCTION
K.M. Stephenson — President
C.T. Newman — Vice President

SECURITIES EXCHANGE LISTING

Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

AUDITORS

Price Waterhouse & Co.
Chartered Accountants
2550 One Palliser Square
Calgary, Alberta
T2G 0P6

REGISTRAR AND TRANSFER AGENT

THE ROYAL TRUST COMPANY

600 - 7th Avenue S.W.
Calgary, Alberta T2P 0Y6

Royal Trust Tower
Bentall Centre
555 Burrard Street
Vancouver, B.C. V7X 1K2

101 McCallum Hill Building
Regina, Saskatchewan S4P 2G6

287 Broadway
Winnipeg, Manitoba R3C 0R9

Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario M5W 1P9

630 Dorchester Blvd. West
Montreal, Quebec H3B 1S6

THE TRIMAC GROUP OF COMPANIES

TRIMAC LIMITED

TRIMAC TRANSPORTATION SYSTEM LIMITED
Maccam Transport Ltd.
H.M. Trimble & Sons Ltd.
Oil and Industry Suppliers Ltd.
Westland Carriers Ltd.
Columbia Bulk Carriers Ltd.
Municipal Tank Lines Limited
Mercury Tanklines Limited
Adby Transport Limited
J. Kearns Transport Ltd.
Territorial Transport (1968) Limited
Tank Lines Limited

RENTWAY CANADA LTD.
TRANSPORT ACCEPTANCE CORPORATION LTD.
UNITED CONTRACTORS LIMITED
CAL-FAB INDUSTRIES LTD.
M.B.I. DATA SERVICES LTD.
TRIMAC CONSULTING SERVICES LTD.
TRIMAC MARINE TERMINALS LIMITED

Joint Venture Companies

TRICIL LIMITED
ARCNAV MARINE LIMITED

ANNUAL MEETING

The Annual General Meeting of the Shareholders of the Company will be held on June 29, 1976 in the Lake Louise Room, Calgary Inn, 4th Avenue and 3rd Street S.W., Calgary, Alberta at 11:00 A.M., Calgary time.

the TRIMAC Group of Companies

Trimac

lawson graphics western limited
Litho'd in Canada

Trimac

annual report

DECEMBER 31, 1976

DIRECTORS AND OFFICERS

*J. R. McCAIG
President

*M. W. McCAIG
Group Vice-President

*M. DUBINSKY, Q.C.
President, Administrative Consultants Limited

*F. N. HUGHES
Vice-Chairman, O.P.I. Ltd.

*R. D. SOUTHERN
President, Atco Industries Ltd.

*A. VANDEN BRINK
President, Kenting Limited

D. K. JACKSON
Group Vice-President

K. W. WINGER
Vice-President, Finance and Treasurer

F. T. BAILEY
Secretary

*DIRECTORS

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Painting by Barry A. Burdeny (Calgary)
"Scene of Bow River West of Exshaw"

FINANCIAL HIGHLIGHTS

For the Nine Months Ended December 31, 1976

	Nine Months Ended December 31, 1976	**Twelve Months Ended March 31, 1976**
Total Operating Revenue	**$90,180,000**	$72,738,000
Earnings		
Before Income Taxes and Minority Interest	**$ 7,991,000**	$ 4,316,000
Minority interest in net earnings of subsidiary	**$ 1,091,000**	—
Income Taxes	**$ 3,877,000**	$ 2,076,000
Net Earnings Before Extraordinary Items	**$ 3,023,000**	$ 2,240,000
— per Common Share		
Basic	**$1.41**	$1.04
Fully Diluted	**$1.37**	$1.02
Net Earnings	**$ 3,407,000**	$ 2,143,000
— per Common Share		
Basic	**$1.59**	$ .99
Fully Diluted	**$1.54**	$ .98
Cash Flow per Common Share — Basic	**$5.13**	$4.60
— Fully Diluted	**$4.97**	$4.45
Average Number of Common Shares Outstanding During The Year		
Basic	**2,128,438**	2,128,438
Fully Diluted	**2,191,438**	2,197,938

Report to the Shareholders

We are pleased to report improved operating results for Trimac for the period completed December 31, 1976. This achievement reflects a significant improvement by our operating divisions and the inclusion for the first time of our portion of the results of Kenting Limited.

During 1976, the Company changed its fiscal year-end from March 31 to December 31. Consequently, the reported results are for the nine-month period ending December 31, 1976.

Revenues were $90,180,000 for the nine-month period and $72,738,000 for the twelve months ending March 31, 1976. Net earnings from operations were $3,023,000 or $1.41 per share for the nine-month period and $2,240,000 or $1.04 per share for the previous twelve months.

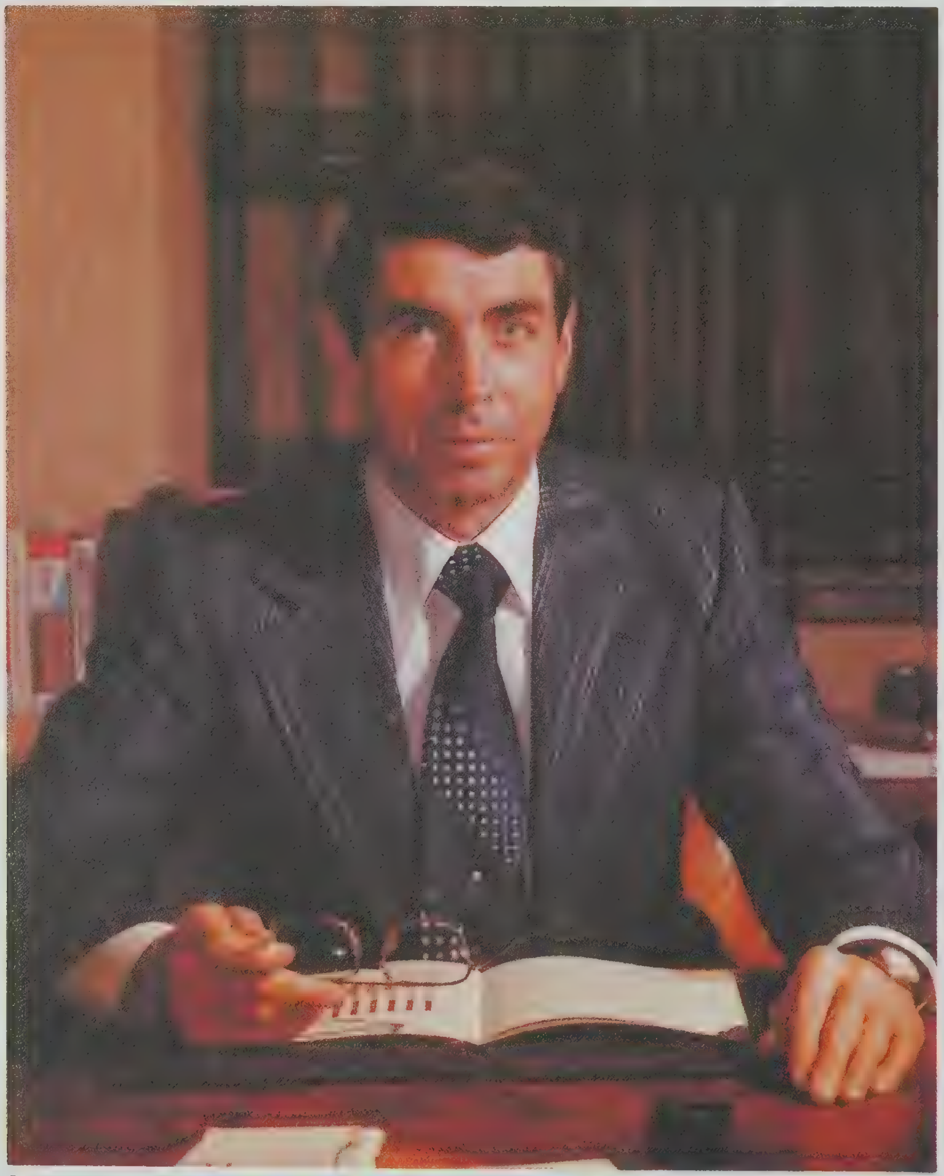
The Company is well positioned to continue the development of our transportation related activities as well as benefit from an increased involvement in the resource service industry. Kenting, with capable management, has demonstrated a sound and profitable operation. Trimac, having a major interest in Kenting, is a unique Canadian company well able to participate in future transportation and resource development in Canada and abroad.

Trimac, by tradition and design, has had a strong involvement in transportation and the resource service industry through bulk highway transportation, equipment rental and leasing, pipeline construction, consulting, and northern marine transportation and construction. We see the development of energy resources in Canada as a compelling aspect of national policy. In turn, we see our Company being a significant participant in the resulting projects and development.

Our bulk Highway Transportation Division continues to expand its broad base of geographic operations, authorities and customers across Canada and the United States. Our emphasis will be to continue to improve our service in existing operations throughout North America and to expand the provision of transportation services in northern resource development activities.

The Equipment Rental and Leasing Division is one of the largest truck rental and leasing companies operating in Canada. The Company is recognized as having provided leadership in tailoring transportation programs to meet customer needs. The skills of our people in providing special "project" rentals and "mini" leases to the oil and gas transmission companies and contractors are well established in Canada and will serve well as future resource development projects occur.

In 1976 Trimac's Pipeline Construction Division experienced good utilization of manpower and equipment with major contracts in Alberta and Saskatchewan. This division has received recognition for its high standard of service and construction capabilities by the companies it serves and looks toward a continued demand for services in existing markets as well as potential developments in Northern Canada.



J. R. McCaig, President and Chairman of the Board

Arcnav Marine Limited, our northern marine and construction joint venture company, maintains a capability throughout the Mackenzie River system and Beaufort Sea. Although the general level of activity has been low in those areas, our people have been successful in obtaining major construction contracts over the past several years and have broadened our operating skills in northern marine and construction activities. As northern development proceeds, Arcnav will have a significant position in that market while maintaining sound operations when the level of activity is low.

Tricil Limited, our waste management joint venture company, has utilized the transportation and materials handling capabilities of Trimac and the innovative technological strength of CIL to firmly establish itself in an expanding industry. The Company's efforts address the major challenges of environmental protection and the developing opportunities in resource recovery from waste materials. We believe that Tricil is a recognized leader in waste disposal and "recovery for value".

Trimac Consulting Services continues to expand its distribution and logistics consulting activities on a national and international basis. The division is well respected for its sound transportation and systems expertise. Logistics studies in northern development have been provided to a number of major companies by this division. These studies and others are supported by the actual operating experience of various Trimac divisions.

Kenting Limited, through our 52% ownership, provides an association with a Canadian company actively serving the resource industry through drilling, oilfield construction, aerial survey and exploration services. These activities complement our existing operations and expand the scope of our services to the resource industry in Canada and internationally. In order to strengthen that potential, it is our intention to make a formal offer, about the time of this report, to purchase the remaining shares of Kenting. The offer will give existing Kenting shareholders an opportunity to participate in the ongoing growth and development of the combined operations.

Trimac is confident of its capabilities and prospects for future growth. We intend to strengthen the equity base of Trimac by a major issue of First Preference Shares. The increased capitalization of the Company further strengthens our ability to participate in major transportation and resource service opportunities.

Recently, we have been encouraged by an apparent recognition on the part of our Federal Government that a healthy economy is dependent on a strong private sector. We continue to be concerned with the level of government spending, both as an absolute amount and as a percentage of the Gross National Product. If Canada is to regain its place in world markets, governments must be encouraged to systematically reduce expenditures as a percentage of Gross National Product and to restrict the growth of the civil service. These actions are of paramount importance if the country is to regain its competitiveness in the supply of goods and services in the export markets.

Trimac has faced many challenges in 1976, a year of uncertainty for most businesses in Canada. However, we believe that the Company has matured in many of its traditional businesses, and has positioned itself well for the future. While uncertainties such as environmental considerations, native land claims and the political process itself make the timing of northern projects difficult to predict, Trimac will continue its development of existing businesses and maintain its position to expand its involvement in opportunities that will undoubtedly occur in Canada's north.

It is with the greatest sadness that I have to advise you of the passing of my brother, Roger W. McCaig, on December 24, 1976. Roger had been a member of the Board of Directors of Trimac since its inception. His incisive analysis, creativity and high standards greatly influenced the development and growth of the Company through the years. He demonstrated a courage and determination that was an example to all of us. His wise counsel will be sorely missed.

It is also with regret that we must advise the passing during the year of two men who were instrumental in the development of two of the early member companies of the Trimac Transportation System. Mr. Hugh S. Tuckwell founded and led Oil and Industry Suppliers Ltd. until his retirement in 1964. Mr. Max Trimble brought leadership to the H. M. Trimble & Sons Ltd. operations from its early beginnings to 1961. These two men were recognized leaders in the transportation industry and out of continued respect for them, we strive to carry on the high standards reflected in their companies.

During the past year, we welcomed Mr. Antonie Vanden Brink, President of Kenting Limited, to our Board of Directors. We benefit from his valued counsel and varied experience.

We acknowledge with appreciation the loyalty and support of our customers and suppliers, and the co-operation of government agencies with which we are involved. We would also like to formally recognize and express our gratitude to our employees for their dedication and commendable efforts which have greatly contributed to our successes.

On behalf of the Board,
Sincerely,

J. R. McCaig

J. R. McCaig,
President

Highway Transportation

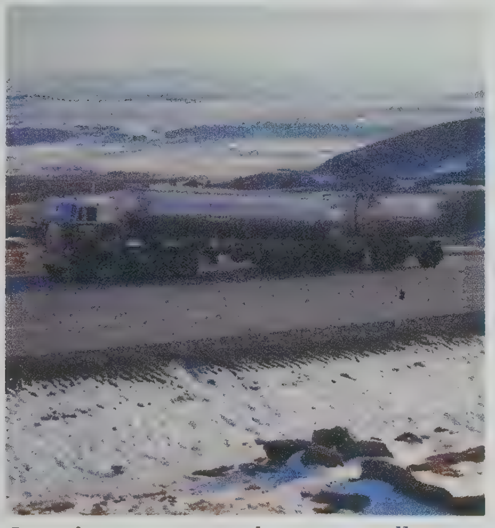
Trimac Transportation System is comprised of eleven operating motor carrier companies providing bulk commodity highway transportation service throughout most of Canada, and to and from 34 states of the United States. The division, operating in excess of 1,500 units, is recognized as Canada's largest highway transporter of bulk liquid and dry materials.

Good revenue gains were experienced during 1976 allowing the division to attain its budgeted expectations. Earnings have significantly improved over the previous fiscal year as a result of increased revenues, a decrease in accidents and claims, and improved maintenance controls.

The forecast in the present fiscal year is for a continued real growth in revenue throughout the System. During the latter part of 1976 a five-year contract for the hauling of wood chips was successfully obtained by tender and has resulted in a new branch being opened in Grande Prairie, Alberta.

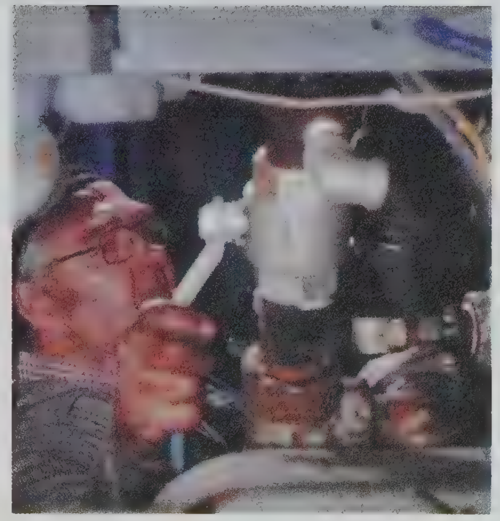
A dry bulk unit delivering under adverse conditions for a mine in the north.

The granting of a dry bulk operating authority within Ontario and liquid and dry bulk authority into and out of Ontario to Trimac Transportation Limited's subsidiary, Municipal Tank Lines Limited, has resulted in increased revenues in 1976 and provides the Ontario Region an opportunity to broaden and expand its operations.



One of many seven axle, 10,100-gallon capacity petroleum units en route between Alberta and British Columbia.

A broad operating authority application by Municipal Tank Lines is now before the United States Interstate Commerce Commission. This authority, if granted, will allow development of the hauling of liquid and dry bulk commodities between or through Ontario and all states in the United States. Hearings for this application will be held prior to June 15, 1977.



Len O'Hare, one of over a hundred experienced mechanics, making repairs to a unit.

A Trimac professional driver giving "Service with Safety".

Although faced with a number of uncertainties in the economy, Trimac Transportation System expects to continue its historic progress in terms of earnings and extension of services in the year ahead.

An intermodal ore concentrate rail loading facility and unit in Clinton, B.C. To the left is the Trimac cement silo for intermodal loading into northern British Columbia.

Wood chip unit hauling into Proctor & Gamble pulp mill in Grande Prairie, Alberta.

Lead wood chip trailer dumping product in Grande Prairie, Alberta. Pup trailer is unloaded separately and in a similar manner.

Kenting Drilling's floor men pull pipe out of hole in preparation for a bit change.

Kenting Limited

Kenting Limited, in which Trimac acquired the controlling interest during May of 1976, is itself a divisionalized corporation. Through seven operating divisions Kenting provides a series of services to the resource exploration and development industry.

Kenting was founded in 1947 as an aerial survey company and became, during the early sixties, primarily involved in aircraft charter. In 1967, through a series of mergers and acquisitions, Kenting grew from the aviation-oriented business to encompass oilwell drilling, pipeline and oilfield construction, petroleum and mining geophysics and charter helicopter transport. In 1973 Kenting's most recent acquisition added an aerial survey capability to make the group unique in Canada – in terms of the variety of services available to the oil, mining and engineering industries.

One of Kenting's experienced helicopter pilots helps crew install transmission cable on powerline tower.

Overall Kenting has 1,200 employees working on projects in three continents.

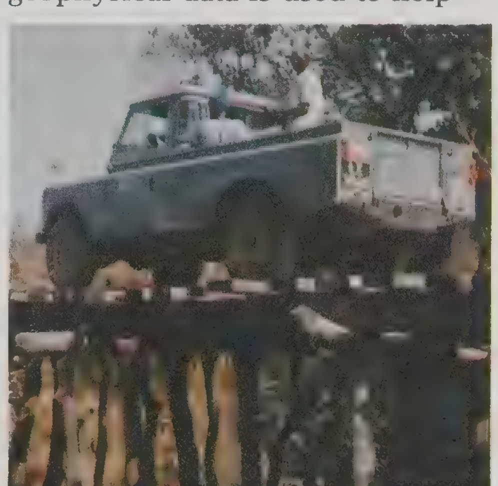
Kenting Drilling is Kenting's largest division. Its operations include 17 rigs in the Canadian oil and gas industry with rigs capable of drilling to 15,000 feet. This Division is based in the new Nisku Industrial Park south of Edmonton.

Kenting (U.K.) Limited is Kenting's division located in Britain. This division operates three drilling rigs which are active in exploring for oil, gas and coal.

Kenting Oilfield Services is a pipeline and construction contractor. Through this division Kenting builds pipelines, various types of oilfield pumping stations, gas compression stations and has offices in each Alberta production region to be on hand for local projects. Head Office and fabrication shops are in Edmonton.

Compressor plant inlet manifold installed by Kenting in the Medicine Hat area. A dehydration tower is in background.

Kenting Earth Sciences is the airborne wing of the Kenting group, headquartered in Ottawa, with branch production facilities in Toronto and Calgary. Airborne geophysical data is used to help find mineable ore bodies. A variety of aerial photo techniques help foresters, agronomists, transportation engineers and planners to organize their varied projects. The division operates thirteen aircraft which fly the surveys and has one of the largest Canadian industrial installations of precision mapping equipment to process airphotos into maps.



Typical terrain encountered by Kenting's resources field crews in Nigeria.

Kenting Exploration Services uses geophysics on the ground to look for oil and ore bodies. A capability in offshore engineering-oriented surveying has recently been developed. Five seismic crews, and several multi-method mining and marine crews are operated from the Calgary offices.

Kenting Helicopters operates sixteen turbine-powered helicopters throughout Alberta, the Northwest Territories and British Columbia. Based and serviced in Calgary, Kenting's helicopters are involved in supporting exploration and energy development activities in Northern Canada. In addition, Kenting is active in ice and wildlife research, pre-engineering studies for the Arctic pipelines and building hydro transmission lines.

Kenting Africa Resource Services, a sixty percent owned subsidiary, operates in Nigeria with its Head Office in the capital city of Lagos and branch offices located in Jos and Kano. A new soils laboratory and photo processing centre were opened during the year and these facilities will enable Kenting to realize future opportunities in Africa.

Pipeline Construction

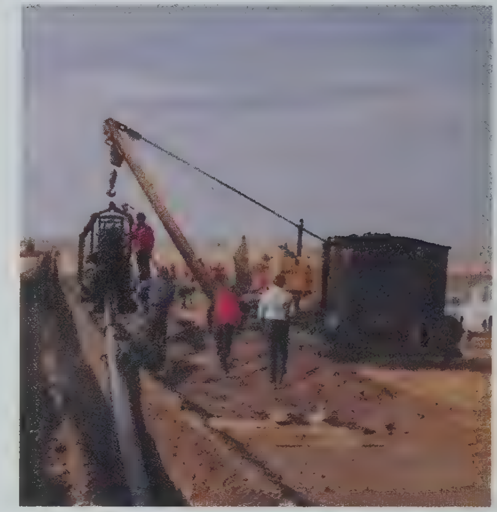
United Contractors Limited, a wholly-owned subsidiary of Trimac Limited, has built a reputation in the pipeline construction industry for delivering projects on time, at a reasonable cost, and with complete reliability of workmanship. Over nearly twenty years United has built a group of capable, experienced long-term personnel.

This year United Contractors built more than 400 miles of medium diameter pipelines in Alberta. This amount of work, although not the full capacity of the Company, kept one or more construction spreads busy during most of the season. During 1976 the Company acquired a substantial amount of new equipment to replace and add to its equipment resources.

Ditching for laying the Dome Petroleum Ltd. pipeline.

Red Deer River pipeline crossing near Cavendish.

United looks to the 1977 construction season with optimism. The general increase in oil and gas exploration and development in Alberta will bring an increased demand for pipeline construction.



Wrapping and lowering in 10" pipeline.

Marine Transportation and Construction

Arcnav Marine Limited began in 1973 as a joint venture company between Trimac Limited and RivTow Straits Limited. It was organized to meet the shipping and construction needs of the oil and gas industry in the Mackenzie Delta and Beaufort Sea.

Arcnav completed Phase I of a marine terminal at Tuktoyaktuk in the Canadian Arctic in 1976. This base, to be substantially expanded in 1977, will serve the Beaufort Sea drilling program.

Arcnav's marine fleet was chartered to major oil companies during the 1976 marine season. The equipment was employed in the movement of freight as well as in island construction and drill rig relocation in the Delta area.

Due to the uncertainty of the Mackenzie Valley pipeline, we do not expect a resurgence in 1977 of exploration activity in the North and accordingly forecast revenues comparable to 1976. It is significant that Arcnav has successfully maintained itself in a holding pattern during the uncertain times of the pipeline regulatory decision process.

Construction of wharf at Tuktoyaktuk, N.W.T. for Canadian Marine Drilling Ltd.

Transportation Equipment Leasing

Rentway Canada Ltd., a wholly-owned subsidiary of Trimac Limited, is engaged in supplying both full service leases and net leases to industrial and commercial customers, and government. In addition, Rentway supplies rental vehicles to resource and construction industries, and government departments for short-term projects. These units are often equipped to meet the specific requirements of the customer. The company is also actively engaged in renting trucks on a daily, weekly or monthly basis. With over 2,000 units in service, Rentway represents one of Canada's largest truck leasing and rental operations.

The company operates branches in Vancouver, Edmonton, Calgary, Toronto and Windsor with several agencies in the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba. In addition to Rentway branch operations, full maintenance lease customers have access to the seventeen maintenance and fuel facilities of the Trimac Transportation System located across Canada.

During the past fiscal year, Rentway experienced an increased demand for full service maintenance leases from customers with both national and local requirements. In conjunction with this business, Rentway has undertaken the construction of a new rental and maintenance facility in the Toronto area. The building, located adjacent to Highway 401 in Mississauga, was opened in February, 1977.

With an established market position and sound management capability, the Company is well positioned to capitalize on the continuing growth and expansion of the truck leasing and rental industry.


Mary Ann Faurschou, Branch Accountant at Branch 51 in Toronto.

Rental units.


Winch being welded on Rentway unit.

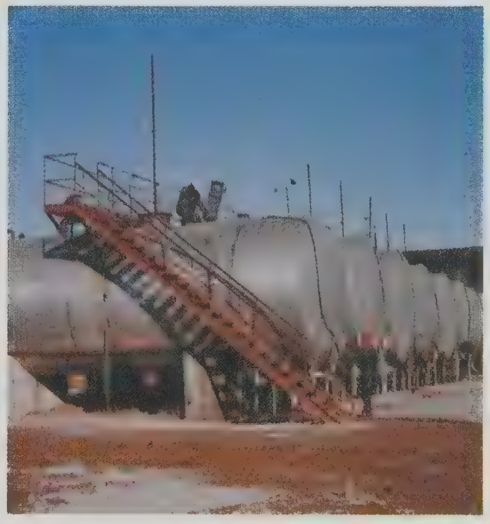
Waste Management

Tricil Limited is a joint venture company owned equally by Trimac Limited and Canadian Industries Limited (CIL). The Company operates in 15 locations across Canada in the collection, transportation, disposal and recovery of value from solid and liquid industrial waste materials.

During 1976 Tricil's revenues and earnings were enhanced as the developmental activities, engaged in since the Company's formation in 1973, began to materialize.

Sound gains in the development of technology, marketing and operating know-how were evidenced during 1976. In conjunction with CIL research, Tricil completed a pilot plant for the re-refining of waste lubricating oils. The process developed provides substantial benefits over existing technology in that field and is expected to be commercialized during the next two years.

Tricil sanitary landfill operation in Kingston, Ontario.



Industrial liquid waste storage and blending tanks in Montreal, Quebec.

Plant operator adjusts controls in the Company's liquid waste disposal facility in Mississauga, Ontario.

Tricil also participated in three major proposals during the year for large scale resource recovery facilities in Canadian and American cities. These proposals represent one aspect of the Company's continuing commitment to improving energy resources through value recovery from waste materials. This aspect of the total waste management industry continues to be developmental. Tricil has, however, gained credibility throughout North America as one of the groups likely to participate actively in future resource recovery projects.

Tricil vacuum unit on an "in-plant" materials handling assignment in Sarnia, Ontario.

Transportation Systems Management

Sulphur unit trains being loaded at an Alberta gas plant.

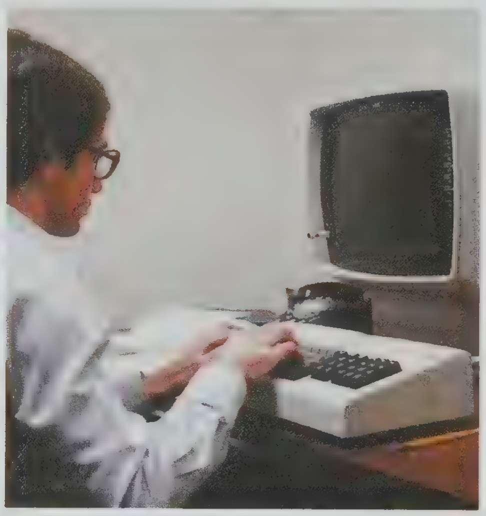
The Systems Management Group's principal activity is the co-ordination and management of a unit train system for the transportation of formed sulphur from certain Alberta gas plants to tidewater at Vancouver.

In 1976 our Systems Management Group handled 1.6 million tons of product which represents an increase of 30% over 1975. During the past year major information and control systems were developed and implemented to further assist the shippers utilizing our services.

In 1977 the sulphur shippers will assume the management of services now provided by Trimac. The Systems Group will continue to support Trimac Consulting Services in foreign assignments and actively pursue opportunities in the transportation management of resource commodities in Alberta and the rest of Canada.

Data Processing

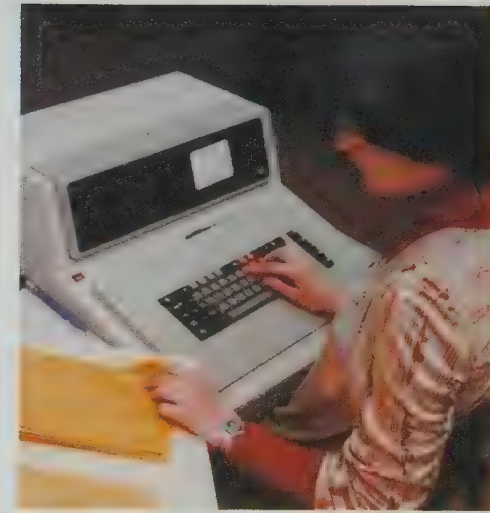
MBI Data Services provides a complete range of Data Processing Support Services for the Trimac Group and to client companies. This includes data preparation and entry, systems analysis, programming, computer consulting, as well as batch and on-line processing.



Brett Turner programming on an on-line terminal.

During 1976, MBI continued to expand its services for the Trimac Group. Transaction volume through the computer increased as did the number and complexity of the systems being run.

A major effort undertaken during the year was the revision and expansion of many of MBI's application packages. This was done in order to streamline the running and simplify the implementation of each package. This effort was very successful with the new packages being implemented in a number of Trimac divisions as well as for many outside clients. MBI also increased its outside data processing services with the addition of a number of new client companies in 1976.



Linda Planinshek entering data through a Mohawk remote station.

Ann Sinclair dumping data to a magnetic tape from our Mohawk data-entry machine.

During the year a pilot on-line project was successfully implemented. The technical experience gained from this will be put to use in 1977 to allow users immediate access to stored information as well as direct updating of their information files. The on-line effort, together with plans for increased usage of data processing in many of the user areas, provides an optimistic outlook for 1977.

Transportation Consulting

In Bangladesh, Trimac has been operating in several sectors of the transport industry since 1972. Many of the country's economic problems result from the lack of long-term planning of integrated transport services for the distribution of essential commodities throughout the country. Trimac's consultants have been working on behalf of the Canadian Government to help resolve these problems and enhance the development of the Bangladesh economy.

A team of Trimac consultants managed a logistics program in Saudi Arabia involving the movement of construction equipment and materials from the Port of Jeddah to a new educational complex being constructed some distance inland. Equipment was designed, purchased and shipped to Saudi Arabia to support this activity.

Trimac Consulting Services provides a wide range of technical management expertise in the fields of transportation planning, economics and logistics.

The twelve-month period ending December, 1976 saw this Division accomplish a healthy growth in both revenues and earnings. The majority of Trimac Consulting's undertakings involved foreign assignments for the Canadian International Development Agency in Swaziland, Sri Lanka, Bangladesh and Botswana; for the World Bank in Korea; and privately in Saudi Arabia and Kuwait.

Trimac assisted the International Bank for Reconstruction and Development (World Bank) to evaluate capacity and service problems within the Korean National Railway in the Spring of 1976. Various methods were found to improve the productivity of the system in transporting coal and bulk cement.

Domestically, logistics work continued on the overall planning for resource development groups to undertake major construction projects in northern Canada. An analysis of regulatory impacts on motor carrier rates and tariffs was carried out for the Government of Alberta, as well as an in-depth submission as support to the Grain Handling and Transportation Commission.

Objectives for 1977 will follow the patterns already established with anticipated growth in the logistics and international markets. Negotiations with regional development banks continue with expectations for work in Southeast Asia and perhaps South America. CIDA's continuing aid to developing countries and

Conveyor for removing coal from a coal property in the Peace River Region of British Columbia. The Trimac Consulting group provides a project analysis function investigating the feasibility of alternate transportation modes.

emphasis on long-term projects give continuity to these overseas programs. An early 1977 reconnaissance mission to South America will seek out potential transportation consulting assignments in this market.

Trimac LIMITED and subsidiary companies

CONSOLIDATED BALANCE SHEET

December 31, 1976 (Note 3)

ASSETS

	December 31, 1976	March 31, 1976
CURRENT ASSETS:		
Cash and short term deposits	**$ 4,371,000**	$ 3,915,000
Accounts receivable (Note 5)	**19,160,000**	8,340,000
Income taxes — current deferred and recoverable	**540,000**	291,000
Contracts in progress (Note 1)	**3,447,000**	—
Inventories of supplies and material at lower of cost or net realizable value	**1,455,000**	676,000
Assets held for resale	**516,000**	—
Prepaid expenses —		
Tires (Note 1)	**1,473,000**	1,393,000
Licences and other	**867,000**	967,000
TOTAL CURRENT ASSETS	**31,829,000**	15,582,000
INVESTMENTS, SECURITIES AND ADVANCES:		
Investment in and advances to 50% owned companies (Note 2)	**4,695,000**	3,310,000
Balances receivable under Employees' share purchase plans (Note 8)	**1,097,000**	1,144,000
Other (Note 13)	**983,000**	601,000
	6,775,000	5,055,000
FIXED ASSETS, at cost (Note 4)	**74,621,000**	49,735,000
Less: Accumulated depreciation	**24,794,000**	21,231,000
	49,827,000	28,504,000
DEFERRED CHARGES AND OTHER ASSETS (Note 12)	**672,000**	236,000
GOODWILL AND AUTHORITIES (Note 1)	**3,104,000**	2,989,000
	$92,207,000	$52,366,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1976	March 31, 1976
CURRENT LIABILITIES:		
Bank advances, secured (Note 5)	**$ 2,194,000**	$ 1,616,000
Accounts payable and accrued	**16,435,000**	6,490,000
Product warranty provision (Note 11)	**500,000**	500,000
Income taxes payable	**3,007,000**	1,729,000
Contract advances (Note 1)	**814,000**	—
Current maturities of long term debt (Notes 6 and 7)	**2,492,000**	1,105,000
TOTAL CURRENT LIABILITIES	**25,442,000**	11,440,000
LONG TERM DEBT:		
Equipment obligations (Note 6)	**22,683,000**	20,113,000
Other (Note 7)	**11,359,000**	1,812,000
	34,042,000	21,925,000
DEFERRED INCOME AND ACCRUED COSTS (Note 1)	**1,172,000**	—
DEFERRED INCOME TAXES	**7,369,000**	3,512,000
MINORITY INTEREST	**5,783,000**	—
SHAREHOLDERS' EQUITY:		
Share capital (Note 8)	**6,102,000**	6,142,000
Retained earnings (Note 9)	**12,297,000**	9,347,000
	18,399,000	15,489,000
	$92,207,000	$52,366,000

APPROVED BY THE BOARD:

J. R. McCaig,
Director

M. Dubinsky,
Director

Trimac LIMITED and subsidiary companies

CONSOLIDATED STATEMENT OF EARNINGS

For the Nine Months Ended December 31, 1976

(with comparative figures for the year ended March 31, 1976)

	December 31, 1976 (Nine Months)	March 31, 1976 (Twelve Months)
OPERATING REVENUES:		
Transportation and leasing	**$46,254,000**	$53,549,000
Drilling and resource services	**37,731,000**	11,887,000
Waste management and other	**6,195,000**	7,302,000
	90,180,000	72,738,000
COSTS AND EXPENSES:		
Operating costs and expenses	**72,578,000**	57,073,000
Depreciation and amortization	**7,350,000**	8,506,000
	79,928,000	65,579,000
	10,252,000	7,159,000
OTHER DEDUCTIONS (INCOME):		
Interest expense — long term debt	**3,070,000**	3,077,000
Other interest expense (net of interest income)	**36,000**	(54,000)
(Gain) on disposals of revenue producing equipment	**(845,000)**	(180,000)
	2,261,000	2,843,000
	7,991,000	4,316,000
INCOME TAXES:		
Current	**2,751,000**	2,019,000
Deferred	**1,126,000**	57,000
	3,877,000	2,076,000
	4,114,000	2,240,000
Minority interest in net earnings of subsidiary	**1,091,000**	—
Net earnings before extraordinary items	**3,023,000**	2,240,000
Extraordinary gains (losses) (Note 10)	**384,000**	(97,000)
NET EARNINGS	**$ 3,407,000**	$ 2,143,000
Net earnings per share before extraordinary items — Basic	**$1.41**	$1.04
— Fully Diluted	**$1.37**	$1.02
Net earnings per share — Basic	**$1.59**	$ .99
— Fully Diluted	**$1.54**	$ .98

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Nine Months Ended December 31, 1976

(with comparative figures for the year ended March 31, 1976)

	December 31, 1976 (Nine Months)	March 31, 1976 (Twelve Months)
SOURCE OF FUNDS:		
From operations (a)	**$10,925,000**	$ 9,780,000
Increase in long term debt	**21,784,000**	5,114,000
Proceeds on disposal of fixed assets	**6,934,000**	9,224,000
Proceeds on sale of shares of subsidiary net of working capital removed	**—**	89,000
	39,643,000	24,207,000
APPLICATION OF FUNDS:		
Purchase of shares of subsidiary (Note 17)	**8,075,000**	—
Less: Working capital acquired	**3,721,000**	—
Balance (b)	**4,354,000**	—
Purchase of fixed assets	**16,716,000**	13,088,000
Repayment of long term debt	**15,414,000**	9,382,000
Dividends	**457,000**	243,000
Dividends to minority interests	**304,000**	—
Other changes (net)	**153,000**	388,000
	37,398,000	23,101,000
Net increase in working capital	**2,245,000**	1,106,000
Working capital, beginning of the period	**4,142,000**	3,036,000
Working capital, end of the period	**$ 6,387,000**	$ 4,142,000

(a) Funds from operations is computed by summing net earnings, excluding extraordinary items, ($384,000 at December and ($97,000) at March 1976) for the period, depreciation written, the change in deferred and accrued accounts, excluding those relevant items of 50% owned companies ($810,000 at December and $1,105,000 at March 1976), and the minority interest in earnings of subsidiaries, less gains on disposals of fixed assets.

(b) The net assets acquired on the purchase of Kenting consist of the following:

Investments	**$ 1,628,000**
Fixed assets	**16,906,000**
Other assets	**526,000**
Goodwill	**141,000**
Long term debt	**(5,748,000)**
Deferred income taxes	**(3,118,000)**
Other deferred items	**(1,150,000)**
Minority interest in the above	**(4,831,000)**
Total net consideration	**$ 4,354,000**

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the Nine Months Ended December 31, 1976

(with comparative figures for the year ended March 31, 1976)

	December 31, 1976 (Nine Months)	March 31, 1976 (Twelve Months)
Balance, beginning of the period	**$ 9,347,000**	$ 7,447,000
Net earnings for the period	**3,407,000**	2,143,000
Dividends	**(457,000)**	(243,000)
	2,950,000	1,900,000
Balance, end of the period	**$12,297,000**	$ 9,347,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Accounting Policies:

(a) These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned except Kenting Limited which is 52% owned.

(b) Goodwill and authorities acquired subsequent to March 31, 1974 are being amortized on a straight line basis over periods up to forty years. $3,037,000 of goodwill and authorities was acquired prior to that date.

(c) The Company follows the equity method of accounting for its investment in 50% owned companies. Under this method, the cost of the Company's investment, including goodwill at acquisition, is adjusted for its undistributed earnings or losses and capital transactions. The Company's share of revenue and expenses are included in the statement of earnings on a "line by line" basis.

(d) The cost of original tires and tubes and the replacement cost of tires and tubes used on vehicles hauling bulk commodities are charged to prepaid expenses and are written off to income on a mileage basis.

(e) The accounts of foreign subsidiaries have been translated into Canadian dollars: current assets and liabilities at the December 31, 1976 exchange rate, other balance sheet items and related depreciation at the historical exchange rate, and revenues and other expenses at the average exchange rate for the year. Working capital of the Nigerian subsidiary, which is subject to foreign exchange control regulations, amounted to approximately $2,117,000 at December 31, 1976.

(f) The Company follows the practice of recording income from contracts under the percentage-of-completion method of accounting. Any anticipated losses are provided for in their entirety.

(g) Provisions for non-current accrued costs amounted to $970,000 at December 31, 1976. Provisions are made for estimated future liabilities relating to major overhauls of aircraft and helicopters and for costs which are occasionally incurred because of unpredictable delays in carrying out drilling contracts. Overhaul costs of highway hauling units and construction equipment engaged primarily in seasonal work are accrued in current liabilities ($441,000 at December 31, 1976; $65,000 at March 31, 1976).

(h) Certain comparative figures for the March 31, 1976 year have been restated to conform to the current period's financial statement presentation.

Note 2 — Investment in and advances to 50% owned companies:

The condensed combined consolidated balance sheet of Tricil Limited, Arcnav Marine Limited, and Plains Investments Ltd. in which the Company has a 50% interest is as follows:

	December 31 1976	March 31 1976
	(thousands of dollars) (unaudited)	
Working capital	**$ 526**	$ (78)
Fixed assets — net book value	**10,547**	10,997
Other tangible assets	**—**	29
Intangible assets	**3,242**	694
Total Assets	**$14,315**	$ 11,642
Long term debt	**$ 6,915**	$ 6,488
Deferred income taxes	**922**	628
Shareholders' advances	**3,694**	2,358
Shareholders' equity	**2,784**	2,168
Total Liabilities and Equity	**$14,315**	$ 11,642

The comparative balance sheet at March 31, 1976 includes only the accounts of Tricil and Arcnav.

Note 3 — Change of fiscal year end:

The Company has changed its fiscal year end from March 31 to December 31 effective December 31, 1976.

Note 4 — Fixed assets and depreciation policy:

The cost of fixed assets and net book value by major classification are as follows:

	December 31, 1976		March 31, 1976	
	Cost	Net Book Value	Cost	Net Book Value
	(thousands of dollars)			
Land	**$ 1,036**	**$ 1,036**	$ 728	$ 728
Buildings and yard improvements	**3,602**	**2,773**	2,646	1,995
Revenue producing vehicles and equipment:				
— Bulk hauling highway units	**26,863**	**12,800**	24,648	12,171
— Lease and rental units	**14,401**	**9,116**	15,594	10,143
— Arctic marine barges	**1,833**	**1,423**	1,833	1,560
— Drilling rigs	**10,406**	**9,910**	—	—
— Helicopters	**2,672**	**2,429**	—	—
— Mapping and geophysical	**5,458**	**4,935**	—	—
— Construction	**4,935**	**3,787**	1,495	751
Other	**3,415**	**1,618**	2,791	1,156
	$74,621	**$49,827**	$49,735	$28,504

The Company depreciates the costs of property, plant and equipment to their estimated residual values based on the following estimated useful lives of the assets:

Asset	Depreciation Method	Estimated Useful Life
Power Units	Varying percentages of original cost	5 years
Highway Trailers	Straight line	8 years
Rental Vehicles	Varying percentages of original cost	3 years
Lease Vehicles	Varying percentages of original cost	Varied to match term of lease
Arctic Marine Barges	Straight line	15 years
Buildings	Straight line	10-25 years
Drilling Rigs	Straight line	15 years
Helicopters	Straight line	10 years
Mapping and Geophysical Equipment	Declining balance	4-10 years
Construction Equipment	Straight line	10 years
Other	Various	4-10 years

Note 5 — Bank advances, secured:

Demand bank loans in the amount of $2,194,000 at December 31, 1976 and $1,616,000 at March 31, 1976 are secured by general assignment of book debts. In addition $1,925,000 at December 31, 1976 is further secured by a floating charge debenture on the assets of certain subsidiary companies, certain drilling rigs and the certificates of title to certain real property.

Note 6 — Equipment obligations:

	December 31, 1976		March 31, 1976	
	Long term	Current	Long term	Current
	(thousands of dollars)			
Revolving credit agreements — fixed and floating interest rates from ½% to 1½% over prime .... (a), (b)	$18,197	$—	$19,422	$—
Debenture payable — interest rate 1% over prime .. (c)	3,476	467	—	—
Bank term loans, secured — interest rate 1½% over prime .... (d)	1,010	289	691	198
Total equipment obligations	$22,683	$756	$20,113	$198

(a) The revolving credit loan agreements to various subsidiaries provide for credit lines equal to the lesser of a total of $34,300,000 at December 31, 1976 or an amount determined by formula in each agreement (which amounts totalled $19,912,000 at December 31, 1976). The loans are secured by charges against relevant vehicular equipment arising from either a floating charge debenture or chattel mortgages. Even though the Company expects all of the revolving credits to continue at least until January, 1978, all but one of the loans may be terminated by defined notice. If such termination occurs, each of the agreements provides for the loans to be repaid in monthly installments on a term basis consistent with the declining borrowing base which would result in terms ranging from five years to a maximum of eight years.

(b) If no additional amounts were borrowed, the amounts estimated to be repaid in the years ending December 31, are: 1977 — $5,445,000; 1978 — $4,871,000; 1979 — $3,996,000; 1980 — $2,663,000; 1981 — $679,000.

(c) The debenture is secured by fixed charges on certain drilling rigs. It is repayable in annual installments as follows: 1977 — $467,000; 1978 — $176,000; 1979 to 1983 — $600,000; with the balance due January 15, 1984. Accelerated payments are required if average drilling days as defined in the debenture are exceeded.

(d) The bank term loans are repayable as follows: 1977 — $289,000; 1978 — $289,000; 1979 — $289,000; 1980 — $188,000; 1981 and 1982 — $91,000; 1983 — $62,000.

Note 7 — Other long term debt:

	December 31, 1976	March 31, 1976
	(thousands of dollars)	
Bank term loans .... (a)	$11,829	$1,334
Mortgage loans .... (b)	562	877
Notes and agreements payable .... (c)	704	508
	$13,095	$2,719
Less: Current liabilities	1,736	907
Total other long term debt less current maturities	$11,359	$1,812

(a) Bank term loans are repayable over periods of from two years to twelve years, and are, in general, secured. The interest rates vary from 1% to 2% over prime. 410,245 common shares and 9,000 Class "C" preferred shares of Kenting Limited have been lodged as security for loans of $7,200,000.

(b) Mortgage loans are repayable over periods from 1977 to 1990, and are secured by charges against real estate. The interest rates vary from 8% to 11¾%.

(c) Notes and agreements payable mature at various dates to 1985 and are, in general, unsecured. The interest rates vary from 6% to 12%.

(d) The amounts to be repaid during the years ending December 31, are: 1977 — $1,736,000; 1978 — $1,769,000; 1979 — $2,048,000; 1980 — $1,523,000; 1981 — $919,000.

Note 8 — Share capital:

	Authorized		Issued	
	Number	Amount	Number	Amount
Preferred (a)				
— Undesignated	182,500	$ 1,825,000	—	$ —
— Designated	(i) 67,500	675,000	(ii) 61,000	610,000
	250,000	2,500,000	61,000	610,000
Common (b) .. Class A	7,500,000	10,000,000	2,128,438	5,492,000
Class B	7,500,000			
		$12,500,000		$6,102,000

(a) Preferred shares are issuable in series on terms and conditions authorized by the directors. The aggregate par value of such issued shares is not to exceed $2,500,000. (i) Of the total of 250,000 preferred shares authorized, 67,500 have been designated as non-voting 4% non-cumulative Series "A" redeemable convertible preferred shares (each preferred share is convertible to one common share in equal amounts cumulatively over five years from the date of issue) with a nominal or par value of $10.00 per share. (ii) During the year 4,000 shares were redeemed at par value and the proceeds used by the employees to retire $40,000 of "Balances Receivable Under Employees Share Purchase Plans".

(b) Common shares are without nominal or par value. During the year, by articles of amendment, the authorized share capital was amended in order to create new categories of Class A and Class B shares and to reclassify all of the authorized and issued common shares into Class A shares. Class A and Class B shares are voting, convertible into one another on a share-for-share basis and rank equally with respect to dividends and in all other respects. The only distinction between the two classes is that the directors may specify that cash dividends on Class B shares be paid first out of tax-paid undistributed surplus on hand and then out of 1971 capital surplus on hand (as those expressions are defined in the Income Tax Act of Canada), with the result that Class B dividends so paid will be less than the Class A dividends by the amount of tax paid thereon. At December 31, 1976, of the total issued common shares 618,313 were designated as Class A and 1,510,125 as Class B. 61,000 common shares were reserved for the conversion of Series "A" preferred shares to common shares.

Note 9 — Retained earnings:

(a) Under the provisions of the governing statutes, $1,351,000 (the amount equal to the par value of preference shares of the Company and its subsidiaries redeemed) is restricted from distribution to shareholders.

(b) As a result of the acquisition by the Company of certain subsidiaries, a portion of the consolidated retained earnings is classified as "designated surplus" under the provisions of Section 192(1) of the Canadian Income Tax Act. Normally, dividends cannot be paid out of the designated surplus of the subsidiaries without the payment of income taxes, but insofar as the Company is concerned, this raises no practical difficulties in the foreseeable future because dividends may be paid by the subsidiaries of the Company, free of tax, out of the earnings of subsidiaries subsequent to such acquisition.

(c) Under the terms of a revolving credit bank loan referred to in Note 6, Trimac Transportation Limited must maintain a consolidated net worth of $5,500,000.

Note 10 — Extraordinary gains:

Extraordinary gains include a gain on disposal of real estate of $215,000 (net of income tax of $63,000) and income tax reductions of $169,000 (net of minority interest of $165,000) arising from utilization of certain losses carried forward.

Note 11 — Product warranty provision:

During the year ended March 31, 1976 Cal-Fab Industries Ltd., a wholly-owned subsidiary, completed its contract to produce support brackets for the above-ground section of the Trans-Alaska Pipeline. The plant facility has been dismantled and most of the production equipment sold. Under the contract, a maximum product warranty liability can exist for a period of eighteen months after shipment. The potential liability remains on the balance sheet at December 31, 1976 since the pipeline has not as yet been fully tested and operated. The warranty period expires in June of 1977.

Note 12 — Commitments:

In June 1970, Trimac entered into an Initial Agreement with the National Harbours Board of Canada for reclamation and lease of a site at Roberts Bank, near Vancouver, B.C. for the construction by the Company of terminal facilities for the storing and shipping of bulk commodities, exclusive of grain. The commitment of Trimac to lease the site is predicated upon performance by the Harbours Board of certain conditions, including commencement of reclamation by a specified date in respect of which performance by the Harbours Board has been waived. The Company does not wish to exercise any right of termination that it may have under the Initial Agreement. The term of the proposed lease will be ten years certain, commencing on the earlier of first shipment from the site or nine months after the site is ready for occupancy. Rental under the lease will be determined only when Harbours Board construction has been completed and the Lessee's facilities erected, estimated to require from sixteen up to twenty-five months after commencement of work by the Harbours Board. Such annual rental will be dependent, in part, upon through-put of

ships' cargo to and from the site with an estimated minimum of $280,000. To December 31, 1976, the Company has deferred costs of $211,000 with respect to this Initial Agreement.

Note 13 — Statutory requirements:

(a) The aggregate direct remuneration paid or payable by Trimac and its subsidiaries to the directors and senior officers (as defined in the Alberta Companies Act) of Trimac during the nine months ended December 31, 1976 was $310,000.

(b) During the year the Company loaned $100,000 to a senior officer to assist him in the purchase of a house pursuant to his relocation to head office. The loan is to be repaid over a five year period with a final payment on September 15, 1981.

Note 14 — British Columbia Companies Act:

These financial statements comply with the disclosure requirements of the act of incorporation (The Alberta Companies Act) and the securities legislation of certain provinces in Canada, but do not comply with certain requirements unique to the British Columbia Companies Act.

Note 15 — Anti-Inflation program:

The Company and its Canadian operating subsidiaries are subject to controls on prices, profits, compensation and dividends instituted by the Federal Government in the Anti-Inflation Act effective October 14, 1975. The Company has complied with the guidelines and has no reason to believe it will be adversely affected.

Note 16 — Contingent liabilities:

(a) The Company is contingently liable in the amount of $386,000 as a result of certain income tax reassessments received by Tricil Limited (see Note 2), relating to periods prior to the Company's purchase thereof. Security in the amount of $247,500 valued at December 31, 1976 has been lodged by the former owners with Revenue Canada, Taxation relative thereto. Because of the former owners' and co-warrantors' obligations under this agreement with the Company, no provision has been made in the accounts for these reassessments.

(b) The Company guarantees to the extent of $1,700,000 loans made to Arcnav Marine Limited by a Canadian Chartered Bank (see Note 2).

(c) Revenue Canada, Taxation has issued a reassessment disallowing the deduction for income tax purposes of concession costs claimed by Tricil Limited, a 50% owned company, for the year 1972 and has indicated that it proposes to issue similar reassessments for the years 1971 and 1973 - 1975 inclusive. Tricil intends to deduct similar additional amounts for 1976. The maximum additional income tax liability to Tricil Limited arising from the proposed reassessments would approximate $285,000. No provision has been made in the accounts for such additional income taxes as may arise from the reassessments, as management believes that these costs are wholly deductible and intends to oppose any such reassessments.

(d) The Company, along with Tricil Limited, a 50% owned company, and others have been served with a writ for alleged statements in connection with the bidding of a municipal waste collection contract. Damages of $3,575,000, plus costs, are claimed against Tricil, which includes the amounts being claimed against the Company. In the opinion of the Company and its counsel, the claim should not result in any material cost to the Company.

Note 17 — Purchase of a subsidiary:

During the year the Company purchased a 52% interest in Kenting Limited, a Calgary based public company, for $8,075,000 in cash. The "Purchase Method" has been used in accounting for the acquisition. The accounts of Kenting are consolidated with those of the Company from the effective date of acquisition, June 1, 1976.

At acquisition the Company's investment in Kenting exceeded its interest in the underlying net book values by $3,148,000 which amount has been allocated to tangible assets of Kenting having underlying market values in excess of their book values. The net assets acquired, after giving effect to the allocation of the excess, are set out below. The value assigned to depreciable assets, which includes $2,964,000 of such excess, will be depreciated on a straight line basis over the remaining estimated useful lives of those assets (see Note 4).

Net Assets Acquired in the Purchase of Control of Kenting Limited

('000's of $)

Current assets	$12,024
Less: Current liabilities	8,303
	3,721
Investments	1,628
Fixed assets	16,906
Other assets	526
Goodwill	141
	22,922
Less: Long term liabilities and deferred items	10,016
Minority interest	4,831
	14,847
Net assets acquired	$ 8,075

Had control been acquired at the beginning of the fiscal period the Consolidated Statement of Earnings would have appeared as summarized below:

Revenue	$95,082
Net earnings before taxes	7,924
Income taxes	3,793
	4,131
Minority interest	1,005
	3,126
Extraordinary items	384
Net earnings	$ 3,510
Basic net earnings per share	$ 1.63

Note 18 — Subsequent events:

The Company intends to acquire all of the common shares of Kenting Limited not now owned by it, 40,000 such shares by a private agreement and the rest by an offer to made pursuant to The Canada Corporations Act. For the shares of Kenting, subject to such an offer, the Company intends to offer $21.25 in cash plus a warrant to purchase one common share of the Company's common stock for $9.00 at any time within a specified five year period. For the Kenting shares subject to such private agreement, at the option of the vendor, the purchase price may be satisfied by the issue of 120,000 common shares of Trimac or in cash, payable after five years, at a price to be determined by the application of either of two formulae based on the results of Kenting Limited during that period. In any event, the price shall not be less than $21.25 per share.

The cash required to complete such an offer, estimated to be about $7,400,000, is to be financed by an appropriate line of credit which has been arranged with the Company's bankers. Amounts ultimately borrowed under this credit line are to be repaid in thirty-six equal consecutive monthly instalments commencing about August 31, 1979.

It is the Company's further intention to issue preference shares if acceptable terms and conditions can be obtained. The proceeds from such an issue would be used to repay or substantially reduce the aforementioned bank loans.

AUDITORS' REPORT

To the Shareholders of Trimac Limited

We have examined the consolidated balance sheet of Trimac Limited as at December 31, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the nine months then ended. Our examination of the financial statements of Trimac Limited and those subsidiaries and the 50% owned company of which we are auditors was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the reports of other auditors who have examined the consolidated financial statements of other subsidiaries and a 50% owned company.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial position for the nine months then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
February 25, 1977

PRICE WATERHOUSE & CO.
Chartered Accountants

ADDITIONAL FINANCIAL INFORMATION

Schedule of Divisional Assets and Liabilities

At December 31, 1976

(Thousands of Dollars)

	Highway Transportation	Other Transportation	Leasing	Drilling & Resource	Other	Total
ASSETS						
CURRENT ASSETS:						
Cash and short term deposits	$ 3,146	$ —	$ 7	$ 86	$ 1,132	$ 4,371
Accounts receivable	4,188	203	1,258	12,958	553	19,160
Income taxes deferred and recoverable	—	—	3	86	451	540
Contracts in progress	—	—	—	3,447	—	3,447
Inventories	546	191	116	602	—	1,455
Assets held for resale	—	—	516	—	—	516
Prepaid expenses	1,838	24	111	349	18	2,340
	9,718	418	2,011	17,528	2,154	31,829
INVESTMENTS, SECURITIES AND ADVANCES:						
Investment in and advances to 50% owned companies	—	175	—	1,133	3,387	4,695
Balance receivable under employees' share purchase plans	17	—	—	—	1,080	1,097
Other	3	—	1	315	664	983
	20	175	1	1,448	5,131	6,775
FIXED ASSETS, AT COST:						
Revenue vehicles	26,863	—	14,401	—	—	41,264
Other	2,139	4,505	377	22,225	4,111	33,357
Accumulated depreciation	(15,490)	(653)	(5,472)	(2,291)	(888)	(24,794)
	13,512	3,852	9,306	19,934	3,223	49,827
DEFERRED CHARGES	—	10	—	442	220	672
GOODWILL AND AUTHORITIES	1,740	—	550	814	—	3,104
TOTAL ASSETS	$24,990	$4,455	$11,868	$40,166	$10,728	$92,207
LIABILITIES						
CURRENT LIABILITIES:						
Bank advances, secured	$ 51	$ 7	$ 68	$ 2,068	$ —	$ 2,194
Accounts payable and accrued	5,356	126	1,740	8,294	919	16,435
Product warranty provision	—	—	—	—	500	500
Income taxes payable	709	171	—	2,024	103	3,007
Contract advances	—	—	69	745	—	814
Current maturities of long term debt	—	198	—	1,826	468	2,492
TOTAL CURRENT LIABILITIES	6,116	502	1,877	14,957	1,990	25,442
EQUIPMENT OBLIGATIONS	9,201	493	8,996	3,993	—	22,683
OTHER LONG TERM DEBT	424	—	—	2,378	8,557	11,359
DEFERRED INCOME AND ACCRUED COSTS	—	502	—	670	—	1,172
DEFERRED INCOME TAXES	2,897	1,023	431	2,983	35	7,369
MINORITY INTEREST	—	86	—	5,697	—	5,783
TOTAL LIABILITIES	$18,638	$2,606	$11,304	$30,678	$10,582	$73,808

Note: Interdivisional advances have been eliminated.

FIVE YEAR FINANCIAL REVIEW

	Nine Months Ended December 31	Twelve Months Ended March 31			
RESULTS FOR THE YEAR ENDED	**1976**	**1976**	**1975**	**1974**	**1973**
		(Thousands of Dollars)			
			(1)	(1)	(1)
Revenue	**$90,180**	$72,738	$62,187	$50,967	$37,495
Earnings before taxes and minority interest	**7,991**	4,316	1,218	2,500	2,852
Minority interest	**1,091**	—	—	—	—
Provision for income taxes	**3,877**	2,076	740	1,248	1,376
Net earnings for the year before extraordinary items	**3,023**	2,240	343	979	1,492
Per common share — Basic	**$ 1.41**	$ 1.04	$ 0.14	$ .46	$ 0.73
— Fully Diluted	**$ 1.37**	$ 1.02	$ 0.14	$ 0.45	$ 0.73
Net earnings for the year	**3,407**	2,143	645	979	1,492
Per common share — Basic	**$ 1.59**	$ 0.99	$ 0.28	$ 0.46	$ 0.73
— Fully Diluted	**$ 1.54**	$ 0.98	$ 0.28	$ 0.45	$ 0.73
Depreciation and amortization	**7,350**	8,506	8,558	6,755	4,045
Cash flow from operations (2)	**10,925**	9,780	7,490	8,002	6,081
Per common share — Basic	**$ 5.13**	$ 4.60	$ 3.71	$ 3.80	$ 3.04
— Fully Diluted	**$ 4.97**	$ 4.45	$ 3.58	$ 3.69	$ 3.04
Interest	**3,276**	3,345	4,043	2,238	958
Average number of common shares outstanding					
— Basic	**2,128,438**	2,128,438	2,128,438	2,128,438	2,038,415
— Fully Diluted	**2,191,438**	2,197,938	2,204,938	2,192,771	2,038,415

YEAR END POSITION					
Working capital (excluding current maturities)	**8,879**	5,247	5,038	3,749	3,572
Fixed assets at cost	**74,621**	49,735	51,881	50,119	39,485
Total assets	**92,207**	52,366	53,773	55,178	42,196
Long term debt (including current maturities)	**36,534**	23,030	28,195	28,238	20,706
Shareholders' equity	**18,399**	15,489	13,704	13,511	11,780

(1) Restated to disclose the net earnings (losses) from subsidiaries disposed of.

(2) Cash flow from operations is computed by summing net earnings (excluding extraordinary items) for the period, depreciation written, the change in deferred and accrued accounts (excluding those relevant items of 50% owned companies) and the minority interest in earnings of subsidiaries, less gains on disposal of fixed assets.

HEAD OFFICE

736 - 8th Avenue S.W.
Calgary, Alberta
T2P 1H4
Telephone: (403) 265-9900

SENIOR DIVISION MANAGEMENT

HIGHWAY TRANSPORTATION
K. N. Wahl — President and Chief Executive Officer
A. J. Coyston — Vice-President and General Manager
D. R. MacDonald — Vice-President, Traffic and Marketing

TRANSPORTATION LEASING AND RENTAL
J. E. Sauve — Vice-President and General Manager

MANUFACTURING
K. M. Stephenson — President
J. R. Arbuthnott — General Manager

PIPELINE CONSTRUCTION
K. M. Stephenson — President
J. D. Minter — General Manager

TRANSPORTATION CONSULTING
D. P. Dean — President and General Manager
H. S. Parker — Vice-President, Sales and Administration

DATA PROCESSING
C. J. Nesselbeck — General Manager

TRANSPORTATION SYSTEMS MANAGEMENT
R. G. Reynolds — General Manager

JOINT VENTURE COMPANIES

WASTE MANAGEMENT
D. K. Jackson — Chairman of the Board of Directors
R. F. Day — President

MARINE TRANSPORTATION AND CONSTRUCTION
K. M. Stephenson — President
C. T. Newman — Vice-President

SECURITIES EXCHANGE LISTING

Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

AUDITORS

Price Waterhouse & Co.
Chartered Accountants
2550 One Palliser Square
Calgary, Alberta
T2G 0P6

Controlled Corporation

KENTING LIMITED

Joint Venture Companies

TRICIL LIMITED
ARCNAV MARINE LIMITED

REGISTRAR AND TRANSFER AGENT

THE ROYAL TRUST COMPANY
700 Dome Tower
Oxford Square
333 - 7 Avenue S.W.,
Calgary, Alberta. T2P 2Z1

Royal Trust Tower
Bentall Centre
555 Burrard Street
Vancouver, B.C. V7X 1K2

101 McCallum Hill Building
Regina, Saskatchewan. S4P 2G6

287 Broadway
Winnipeg, Manitoba. R3C 0R9

Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario. M5W 1P9

630 Dorchester Blvd. West
Montreal, Quebec. H3B 1S6

THE TRIMAC GROUP OF COMPANIES

TRIMAC LIMITED

TRIMAC TRANSPORTATION SYSTEM LIMITED

Maccam Transport Ltd.
H. M. Trimble & Sons Ltd.
Oil and Industry Suppliers Ltd.
Westland Carriers Ltd.
Columbia Bulk Carriers Ltd.
Municipal Tank Lines Limited
Mercury Tanklines Limited
Adby Transport Limited
J. Kearns Transport Ltd.
Territorial Transport (1968) Limited
Tank Lines Limited

RENTWAY CANADA LTD.
TRANSPORT ACCEPTANCE CORPORATION LTD.
UNITED CONTRACTORS LIMITED
CAL-FAB INDUSTRIES LTD.
M.B.I. DATA SERVICES LTD.
TRIMAC CONSULTING SERVICES LTD.
TRIMAC MARINE TERMINALS LIMITED

ANNUAL MEETING

The Annual General Meeting of the Shareholders of the Company will be held on April 21, 1977 in the Banff Suite, Calgary Inn, 4th Avenue and 3rd Street S.W., Calgary, Alberta at 11:00 A.M. Calgary time.

EMPLOYEE PHOTOGRAPHY CREDITS

Pipeline Construction
Geoff R. Lemon

Marine Transportation and Construction
John Knox

Transportation Systems Management
Peter Ashenhurst

Transportation Consulting
John T. New
Don P. Dean

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Litho'd in Canada